The Economic Impact of Tourism in Swale in 2003

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TOURISM
SOUTH EAST

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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 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.

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 for 2003

1. Summary of Results

1.1 Key headline figures for 2003

- **479,000 staying trips**
- **£56,564,000 spent by staying visitors on their trip**
- **3,900,000 tourism day trips**
- **£81,455,000 spent by tourism day visitors on their trip**
- **In total <u>£138,000,000</u> spent by all visitors on their trip**
- **Of this expenditure, <u>£126,347,000</u> directly benefits local business in terms of business turnover**
- **A further £51,319,000 of business turnover is generated through indirect and induced spending**
- **Expenditure by friends and relatives on visitors, and visitors spend on second homes (i.e. maintenance) generates a further £10,635,000.**
- **In total, tourism activity generated <u>£188,300,000</u> worth of income for local businesses**
- **This income supported 2,780 FTE jobs and 3,760 actual jobs**

1.2 Volume and value of trips

It is estimated that around 479,000 overnight tourism staying trips were made to Swale in 2003. Of these trips, domestic visitors made 91% of trips (443,000) and overseas visitors made 9% of trips (36,000).

Compared to 2000, the volume of tourism staying trips has declined slightly. This is a reflection of changes in the volume of tourism activity at the national level.

Of all commercial accommodation available to visitors, static caravan park accommodation was the most popular choice among domestic visitors (36%), and serviced accommodation was the most popular among overseas visitors (25%). Significant proportions of visitors also stayed in the homes of friends and family (37% domestic visitors and 50% overseas visitors).

The average length of stay for a domestic visitor in 2003 is estimated to have been around 3.3 nights and for an overseas visitor it is estimated to have been around 6.7 nights. The duration of stay for domestic visitors reflects national trends towards shorter holidays.

The majority of domestic staying trips to Swale in 2003 were holiday based (67%). A round a fifth (18%) were to see friends and family and 14% were business related.

Just under half of overseas trips were VFR related (47%). A quarter were for holiday purposes and a further 17% were for business purposes.

In total, it is estimated that around £56,564,000 was spent by staying visitors on their trip to Swale in 2003. Of this expenditure, 78% was spent by domestic visitors and 22% by overseas visitors.

It is estimated that around 3.9 million tourism day trips were made to Swale in 2003, generating a further £81,455,000 trip expenditure.

In total, around £138,000,000 was spent on trips to Swale in 2003 by staying and day visitors. 34% of this expenditure was made by domestic staying visitors; 7% by overseas staying visitors and 59% by day visitors.

It is estimated that around a third of staying trip expenditure went towards the cost of accommodation (32%). This was followed by food and drink (23%), shopping (18%) and expenditure on visits to attractions and other entertainment (11%). Around 17% of staying trip expenditure went towards the costs of travel. However, it is assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination.

For tourism day visitors, the largest share of expenditure went towards the costs of purchasing food and drink (37%). This was followed by expenditure on shopping (20%).

1.3 Economic impact

The presence of tourism activity in Swale creates additional turnover for local businesses as a result of:

- Visitors spending money in local businesses (e.g. the local hotel);
- The purchase of supplies and services locally by businesses in receipt of visitor spending (e.g. hotel purchasing catering provisions), and;
- Spending of wages in businesses by employees who jobs are directly and indirectly supported by tourist expenditure (e.g. staff employed at local hotel).

The model provides an estimate for the magnitude of additional business turnover generated through the impact of visitor related expenditure. 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.

Of the £138,000,000 estimated to have been spent by visitors on their trip, around £126,347,000 directly benefited local businesses from hotels, restaurants to kiosks in Swale.

Moreover, 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 represent a significant additional source of income for local businesses. It is estimated that this ‘additional’ expenditure generated a further £10,635,000 of direct turnover for local businesses.

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 £51,319,000 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 Swale in 2003 is estimated to have been around £188,300,000.

This income to the local economy is estimated to have supported around 2,780 Full-Time Equivalent Jobs and 3,760 Actual Jobs (with the addition of seasonal and part-time employment).

2. Tables of Results

Table 1: Staying trips by accommodation

	UK		Overseas		Total	
Serviced	99,000	22%	6,000	25%	105,000	22%
Self catering	7,000	2%	1,000	2%	8,000	2%
Touring caravans /tents	8,000	2%	2,000	6%	10,000	2%
Static vans/holiday centres	159,000	36%	1,000	2%	160,000	33%
Group/campus	2,000	0%	1,000	2%	3,000	1%
Second homes	3,000	1%	1,000	2%	4,000	1%
Boat moorings	1,000	0%	0	0%	1,000	0%
Other	18,000	4%	5,000	13%	23,000	5%
Paying guests in private houses	0	0%	0	0%	0	0%
Staying with friends and relatives	146,000	33%	20,000	50%	166,000	35%
Total	443,000	100%	36,000	102%	479,000	100%

Table 2: Staying nights by accommodation

	UK		Overseas		Total	
Serviced	235,000	16%	16,000	6%	251,000	15%
Self catering	28,000	2%	14,000	5%	42,000	2%
Touring caravans /tents	30,000	2%	7,000	3%	37,000	2%
Static vans/holiday centres	649,000	45%	5,000	2%	654,000	38%
Group/campus	4,000	0%	10,000	4%	14,000	1%
Second homes	9,000	1%	10,000	4%	19,000	1%
Boat moorings	4,000	0%	0	0%	4,000	0%
Other	43,000	3%	9,000	4%	52,000	3%
Paying guests in private houses	0	0%	0	0%	0	0%
Staying with friends and relatives	442,000	31%	185,000	73%	627,000	37%
Total	1,445,000	100%	255,000	100%	1,700,000	100%

Table 3: Staying spend by accommodation

	UK		Overseas		Total	
Serviced	£19,572,000	42%	£1,390,000	14%	£20,962,000	37%
Self catering	£1,299,000	3%	£582,000	6%	£1,881,000	3%
Touring caravans /tents	£716,000	2%	£223,000	2%	£939,000	2%
Static vans/holiday centres	£11,897,000	26%	£196,000	2%	£12,093,000	21%
Group/campus	£178,000	0%	£447,000	4%	£625,000	1%
Second homes	£118,000	0%	£970,000	10%	£1,088,000	2%
Boat moorings	£169,000	0%	£0	0%	£169,000	0%
Other	£1,359,000	3%	£143,000	1%	£1,502,000	3%
Paying guests in private houses	£0	0%	£0	0%	£0	0%
Staying with friends and relatives	£11,102,000	24%	£6,204,000	61%	£17,306,000	31%
Total	£46,409,000	100%	£10,155,000	100%	£56,564,000	100%

Table 4: Staying trips by purpose

	UK		Overseas		Total	
Holiday	295,000	67%	9,000	25%	304,000	63%
Business	61,000	14%	6,000	17%	67,000	14%
Visits to friends and relatives	80,000	18%	17,000	47%	97,000	20%
Other	7,000	2%	3,000	8%	10,000	2%
Study	0	0%	0	0%	0	0%
Total	443,000	100%	36,000	97%	479,000	100%

Table 5: Staying nights by purpose

	UK		Overseas		Total	
Holiday	1,041,000	72%	49,000	19%	1,090,000	64%
Business	169,000	12%	21,000	8%	190,000	11%
Visits to friends and relatives	217,000	15%	156,000	61%	373,000	22%
Other	18,000	1%	29,000	11%	47,000	3%
Study	0	0%	0	0%	0	0%
Total	1,445,000	100%	255,000	100%	1,700,000	100%

Table 6: Staying spend by purpose

	UK		Overseas		Total	
Holiday	£32,887,000	71%	£1,915,000	19%	£34,802,000	62%
Business	£6,906,000	15%	£1,738,000	17%	£8,644,000	15%
Visits to friends and relatives	£5,374,000	12%	£5,253,000	52%	£10,627,000	19%
Other	£1,241,000	3%	£1,248,000	12%	£2,489,000	4%
Study	£0	0%	£0	0%	£0	0%
Total	£46,409,000	100%	£10,155,000	100%	£56,564,000	100%

Table 7: Tourism Day Visits

	Trips	Spend
Urban visits	862,840	21,571,000
Countryside visits	1,505,944	27,107,000
Coastal visits	1,560,810	£32,777,000
Total	3,929,594	£81,455,000

Table 8: Breakdown of expenditure associated with trips

	Accomm.	Shopping	Food and drink	Attractions/entertain.	Travel	Total	%
UK Tourists	£15,330,000	£7,271,000	£10,487,000	£4,651,000	£8,669,000	£46,408,000	34%
Overseas tourists	£2,655,000	£2,949,000	£2,307,000	£1,208,000	£1,035,000	£10,154,000	7%
Total	£17,985,000	£10,220,000	£12,794,000	£5,859,000	£9,704,000	£56,562,000	
%	32%	18%	23%	10%	17%		
Tourist day visitors	£0	£17,935,000	£37,640,000	£10,434,000	£15,447,000	£81,456,000	59%
%	0%	22%	46%	13%	19%		100%

Table 9: Total Breakdown of expenditure associated with all trips

	Accomm.	Shopping	Food and drink	Attractions/entertain.	Travel	Total
Total	£17,985,000	£28,155,000	£50,434,000	£16,293,000	£25,151,000	£138,018,000
%	13%	20%	37%	12%	18%	100%

Table 10: DIRECT business turnover derived from trip expenditure

	Staying tourists		Day visitors		Total	
Accommodation	£18,241,000	33%			£18,241,000	13%
Retail	£10,118,000	20%	£18,429,000	25%	£28,547,000	23%
Catering	£12,411,000	24%	£34,979,000	49%	£47,390,000	40%
Attraction/entertainment	£6,089,000	12%	£10,990,000	14%	£17,079,000	13%
Transport	£5,822,000	11%	£9,268,000	12%	£15,090,000	11%
Total direct	£52,681,000	100%	£73,666,000	100%	£126,347,000	100%
Other expenditure[1]	£10,635,000		£0		£10,635,000	
Total with 'other'.	£63,316,000		£73,666,000		£136,982,000	

Table 11: INDIRECT business turnover arising from the purchase of supplies and services by businesses

	Staying tourists	Day visitors	Total
Businesses in receipt of trip spend	£14,612,000	£16,047,000	£30,659,000
Indirect turnover from 'other' expenditure	£2,127,000	£0	£2,127,000
Income induced spending	£8,984,000	£9,549,000	£18,533,000
Total	£25,723,000	£25,596,000	£51,319,000

Table 12: Total local business turnover supported by all tourism activity

	Staying tourists	Day visitors	Total
Direct	£63,316,000	£73,666,000	£136,982,000
Supplier and income induced	£25,723,000	£25,596,000	£51,319,000
Total	£89,039,000	£99,262,000	£188,301,000

[1] Apart from expenditure associated with the individual trips, some forms of activity also involve ongoing expenditure on for example second homes accommodation or result in additional spending by friends and relatives with whom the tourist is staying.

Table 13: Total employment related to tourism spending

	Staying tourists		Day visitors		Total	
	Full time equivalent					
Direct	919	68%	1,006	70%	1,925	69%
Indirect	279	21%	267	19%	546	20%
Induced	150	11%	159	11%	309	11%
Total	1,348	100%	1,432	100%	2,780	100%
	Estimated actual					
Direct	1,297	73%	1,488	75%	2,785	74%
Indirect	318	18%	305	15%	623	17%
Induced	171	10%	181	9%	352	9%
Total	1,786	100%	1,975	100%	3,760	100%

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/district)
- local supply data on accommodation, attractions and other factors specific to the district.
- 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) 2003
- International Passenger Survey (IPS) 2003
- United Kingdom Day Visits Survey (UKDVS) 2002
- Visits to Attractions Survey 2003
- New Earnings Survey 2003
- Census of Employment 2001
- Census of Population 2001 (estimates of resident population as rebased on 2001 Census data)
- Labour Force Survey 2003

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.