The Economic Impact of Tourism on the Borough of Swale 2009

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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 2002/3 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

This report contains the findings of a study commissioned by Swale Borough Council. Undertaken by Tourism South East the overall aim of the research is to provide indicative estimates for the volume, value and resultant economic impact of tourism on the destination.

The research involved the application of the Cambridge Tourism Economic Impact Model or 'Cambridge Model'; a computer-based model developed by Geoff Broom Associates and the Regional Tourist Boards of England.

1. Summary of results

1.1 Volume and value of trips

- 2009 was a positive year for domestic tourism according to the United Kingdom Tourism Survey (UKTS). Overall the volume of trips taken by UK residents to various parts of the UK increased by 7% and trip expenditure increased by 3.6%.

- The increase in 2009 was due to rise in demand for domestic holiday trips during the year as people took holidays closer to home. Domestic business and VFR trips on the other hand, continued to struggle.

- The 29.9 million overseas visitors who came in 2009 spent £16.6 billion in the UK. These figures represent a 6% decline in volume and a 2% (nominal) increase in value compared with 2008.

- Full year results from UKTS reveal that just over 18.2 million overnight trips were taken to the South East by domestic visitors, an increase of 12.0% compared to 2008. The number of nights spent in the region also increased, up 11.2% as did visitor spend, up 10.4% to just over £2.5 billion.

- The increase in domestic overnight trips provided a strong buffer against the loss of income from international visitors. Trips to the South East by foreign travellers dropped by 6.4% in 2009, though spending levels actually increased slightly by 1.1% given the strength of the Euro and Dollar against Sterling.

- As the last tourism economic impact study for Swale was carried out for the year 2006, an assessment of changes over 2008 and 2009 is not possible. Compared to the volume and value of tourism in 2006, the 2009 data show positive growth.

- It is estimated that around 416,000 overnight tourism trips were made to Swale in 2009. Of these trips, domestic visitors made 91% of trips (379,000) and overseas visitors made 9% of trips (37,000). Compared to 2006, the volume of domestic overnight trips increased by 5%, and the volume of inbound overnight trips increased by 2%.

- The home of a friend or relative was the most popular type of accommodation used by overnight foreign visitors during their trip to Swale (used by 54% of domestic staying visitors). It is estimated that 44% of domestic overnight visitors also stayed in the home of a friend or relative during their trip.

- Of all commercial accommodation available to visitors, camping and caravan accommodation was the most popular choice among domestic visitors (used by 42% of domestic staying visitors). Visitors from overseas stayed in a mixture of commercial accommodation sectors – 14% used serviced accommodation and a further 14% used camping and caravan accommodation. Around 11% also stayed in more than one type of accommodation during their visit.

- Overall the number of nights spent in Swale by domestic visitors increased by 4% from 1,190,000 nights in 2006 to 1,240,000 nights in 2009.

- Inbound trip nights spent in Swale dropped by 9% from 260,000 in 2006 to 236,000 in 2009 as a result of a shortening of average trip length.

- In total, it is estimated that around £54,334,000 was spent by all overnight visitors on their trip to Swale in 2009, up by 3% compared to 2006. Expenditure is up for domestic visitors by 3% and inbound trip spend is up by 4%.

- Despite a small drop in the volume of nights spent by overseas trips, average spend per head increased considerably in 2009. Inbound trip expenditure increase is also a reflection of changes in currency. The weakness of the pound against other currencies explains part of the reason for the increase in expenditure by foreign visitors. It is also likely that many foreign visitors took advantage of the weak pound and spent more money on higher value items increasing average expenditure per head.

- It is estimated that around 4.4 million tourism day trips were made to Swale in 2009, up 8% compared to 2006. In turn day trip expenditure increased by 9%, raising overall expenditure from £122,993,000 in 2006 to £133,630,000 in 2009.

- In total, around £187,966,000 was spent on trips to Swale in 2009 by overnight and day visitors, up 7% compared to 2006. Twenty-three percent of this expenditure was made by domestic staying visitors; 6% by overseas staying visitors and 71% by day visitors.

- It is estimated that 10% of total trip expenditure went towards the cost of accommodation. Thirty-seven per cent of total trip expenditure was spent in catering establishments and a further 24% was spent in the retail sector.

- Approximately 12% of total trip expenditure went on visits to attractions and other entertainment. Finally, the remaining 18% of total trip expenditure was spent in the transport sector[1]. This includes petrol and parking charges. A significant proportion of travel expenditure on fuel occurs outside the destination either at the start of the trip or on-route. Adjustments are made to account for this in the total turnover figures.

- Further additional expenditure spent by visitors on second homes / boats 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 £13,377,000 of direct turnover for local businesses in 2009.

[1] *As a coastal destination, the model assumes that a high volume of trips will involve arriving by car. This accounts for the relatively high level of spend on travel.*

1.2 Economic impact

- Of the £187,966,000 estimated to have been spent by visitors on their trip and the £13.3 million additional trip-related expenditure, around £186,808,000 directly benefited local businesses from hotels and restaurants to cafes, shops and attractions in Swale. Adjustments have been made to recognise that some spending on travel will take place outside the destination. It is assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination. Also some expenditure on retail and food and drink will fall within the attractions sector and accommodation sector.

- 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 £20,456,000 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 2009 is estimated to have been around £207,264,000, up 8% compared to 2006.

- This income to the local economy is estimated to have supported around 2,932 Full-Time Equivalent Jobs and 4,214 Actual Jobs (with the addition of seasonal and part-time employment). These jobs are sustained in a wide number of service sectors including retail, catering, travel and hospitality and thus beyond tourism businesses.

- The Office of National Statistics employment figures drawn from the Annual Business Inquiry shows that an estimated 3,200 jobs in Swale are in tourism and tourism-related businesses. According to the ABI data, tourism-related jobs represent 7.4% of all employee jobs in Swale.

2. Tables of Results

2.1 Overnight trips by accommodation

Table 1: Number of staying trips by accommodation stayed at						
	UK	%	Overseas	%	Total	%
Serviced	38,000	10%	5,000	14%	43,000	10%
Self catering	4,000	1%	1,000	3%	5,000	1%
Caravan / tents	161,000	42%	5,000	14%	166,000	40%
Group / campus	1,000	0%	1,000	3%	2,000	0%
Second homes	2,000	1%	1,000	3%	3,000	1%
Boat moorings[2]	1,000	0%	0	0%	1,000	0%
Other/mixed[3]	7,000	2%	4,000	11%	11,000	3%
Paying guests	0	0%	0	0%	0	0%
SFR	165,000	44%	20,000	54%	185,000	44%
Total 2009	379,000		37,000		416,000	
Total 2006	359,313	100%	36,305	100%	395,618	
% change	5%		2%		5%	

Table 2: Number of nights by accommodation stayed at						
	UK	%	Overseas	%	Total	%
Serviced	84,000	7%	18,000	8%	102,000	7%
Self catering	17,000	1%	11,000	5%	28,000	2%
Caravans / tents	636,000	51%	20,000	8%	656,000	44%
Group / campus	3,000	0%	2,000	1%	5,000	0%
Second homes	13,000	1%	16,000	7%	29,000	2%
Boat moorings	3,000	0%	0	0%	3,000	0%
Other	8,000	1%	11,000	5%	19,000	1%
Paying guests	0	0%	0	0%	0	0%
Staying with SFR	476,000	38%	157,000	67%	633,000	43%
Total 2009	1,240,000		236,000		1,476,000	
Total 2006	1,189,699	100%	260,263	100%	1,449,962	
% change	4%		-9%		2%	

Table 3: Spend by accommodation stayed at						
	UK	%	Overseas	%	Total	%
Serviced	£6,818,000	16%	£1,388,000	13%	£8,206,000	15%
Self catering	£720,000	2%	£428,000	4%	£1,148,000	2%
Caravans / tents	£19,302,000	44%	£595,000	6%	£19,897,000	37%
Group / campus	£35,000	0%	£68,000	1%	£103,000	0%
Second homes	£191,000	0%	£728,000	7%	£919,000	2%
Boat moorings	£26,000	0%	£0	0%	£26,000	0%
Other	£112,000	0%	£247,000	2%	£359,000	1%
Paying guests	£0	0%	£0	0%	£0	0%
Staying with SFR	£16,783,000	38%	£6,893,000	67%	£23,676,000	44%
Total 2009	£43,986,000		£10,348,000		£54,334,000	
Total 2006	£42,902,619	100%	£9,921,518	100%	£52,824,137	
% change	3%		4%		3%	

SFR = staying with friends/relatives

[2] *Information on boat use is not available for overseas tourists.*

[3] *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

Table 4: Tourism Day trips and spend		
	Trips	Spend
Total 2009	4,454,000	£133,630,000
Total 2006	4,125,926	£122,993,849
% change	8%	9%

2.3 Sector breakdown of visitor expenditure

Table 5: Sector breakdown of trip expenditure								
	Domestic		Overseas		Day		Total	
Accommodation	£15,529,000	35%	£2,977,000	29%	£0	0%	£18,239,000	10%
Retail	£5,690,000	13%	£2,878,000	28%	£37,019,000	28%	£45,640,000	24%
Catering	£9,647,000	22%	£2,340,000	23%	£56,713,000	42%	£68,776,000	37%
Attractions	£4,623,000	11%	£1,104,000	11%	£16,074,000	12%	£21,814,000	12%
Travel	£8,497,000	19%	£1,049,000	10%	£23,826,000	18%	£33,497,000	18%
Total 2009	£43,986,000		£10,348,000		£133,632,000		£187,966,000	
Total 2006							£175,836,472	
% change							7%	

2.4 Other trip related expenditure

Table 6: Breakdown of other trip related expenditure	
Second homes	£113,000
Boats	£710,000
Friends and relatives	£12,554,000
Total 2009	£13,377,000

2.5 Business turnover derived from tourism and related expenditure

Table 7: Businesses in receipt of visitor spend on trip						
	Staying tourists		Day visitors		Total	
Accommodation	£18,481,000	37%		0%	£18,481,000	11%
Retail	£8,535,000	17%	£36,648,000	30%	£45,183,000	26%
Catering	£11,701,000	23%	£55,011,000	45%	£66,712,000	38%
Attraction/entertainment	£5,946,000	12%	£17,011,000	14%	£22,957,000	13%
Transport	£5,803,000	11%	£14,295,000	12%	£20,098,000	12%
	£50,466,000		£122,965,000		£173,431,000	
Other non trip related expenditure	£13,377,000		£0		£13,377,000	
Total direct 2009	£63,843,000		£122,965,000		£186,808,000	
Total direct 2006					£173,724,930	
% change					8%	

Table 7: Income for local business generated by trip expenditure	
Direct	£186,808,000
Supplier and income induced	£20,456,000
Total 2009	£207,264,000
Total 2006	£191,097,423
% change	8%

2.6 Employment supported by tourism and related expenditure

Table 8: Local employment supported by the visitor economy	
FTE	2,960
Total 2009	4,252
Total 2006	3,873
% change	10%

Table 10: Total jobs in tourism-related sectors				
	Swale (employee jobs)	**Swale % of all jobs**	**South East % of all jobs**	**UK % of all jobs**
Total employee jobs	42,800	-	-	-
Full-time	29,800	69.5%	69%	68.8%
Part-time	13,100	30.5%	31%	31.2%
Employee jobs by industry				
Manufacturing	6,200	14.4%	8.1%	10.2%
Construction	2,300	5.3%	4.5%	4.8%
Services: of which	32,500	75.9%	85.7%	83.5%
Distribution, hotels & restaurants	*9,900*	*23.1%*	*24.6%*	*23.4%*
Transport & communications	*3,300*	*7.8%*	*5.9%*	*5.8%*
Finance, IT, other business activities	*6,500*	*15.2%*	*24%*	*22%*
Public admin, education & health	*11,100*	*25.8%*	*25.6%*	*27%*
Other services	*1,700*	*4%*	*5.6%*	*5.3%*
Tourism-related†	***3,200***	***7.4%***	***8.2%***	***8.2%***

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.