
The Economic Impact of Tourism New Forest 2006

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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 2002/3 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 New Forest District, 2006

- ◆ 892,581 staying trips
- ◆ 3,181,000 staying visitor nights
- ◆ £153,996,000 spent by staying visitors on their trip
- ◆ 6,975,000 tourism day trips
- ◆ £271,231,000 spent by tourism day visitors on their trip
- ◆ In total £425,227,000 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 £14,791,000.
- ◆ With the addition of other expenditure tourism activity generated £440,018,000.
- ◆ Of this expenditure, £440,804,000 directly benefits local business in terms of direct and indirect business turnover
- ◆ This income supported 5,629 FTE jobs and 6,530 Actual jobs

1.2 Volume and value of trips

- ◆ It is estimated that around 892,581 overnight tourism staying trips were made to the New Forest District in 2006. Of these trips, domestic visitors made 92% of trips (823,000) and overseas visitors made 8% of trips (70,000).
- ◆ Of all commercial accommodation available to visitors, serviced accommodation (hotels, guest houses and B&Bs) was the most popular choice among visitors (used by 25% of domestic staying visitors and 23% of overseas staying visitors). Around 21% used touring caravan or camping accommodation and a further 16% used static caravans.
- ◆ A quarter of both domestic and overseas visitors were accommodated in the homes of friends and family during their trip to East Hampshire (24% and 25% respectively).
- ◆ In total, it is estimated that around £153,996,000 was spent by staying visitors on their trip to the New Forest District in 2006. Of this expenditure, 83% was spent by domestic visitors and 17% by overseas visitors.
- ◆ It is estimated that around 7 million tourism day trips were made to the New Forest District in 2006, generating a further £271,231,000 trip expenditure.
- ◆ In total, around £425,227,000 was spent on trips to the New Forest District in 2006 by staying and day visitors. 30% of this expenditure was made by domestic staying visitors; 6% by overseas staying visitors and 64% 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 (34%) was spent in catering establishments and 24%

was spent in the retail sector. Approximately 11% of total trip expenditure went on visits to attractions and other entertainment. Finally, the remaining 20% of total trip expenditure was spent in the transport sector.

1.3 Economic impact

- ◆ In addition to the £425,227,000 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 £14,791,000 of direct turnover for local businesses.
- ◆ Visitor expenditure and addition expenditure generated £440,018,000.
- ◆ Of the £440,018,000 estimated to have been spent by visitors on their trip, around £372,391,000 directly benefited local businesses from hotels and restaurants to cafes, shops and attractions in the New Forest District. 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 £68,413,000 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 the New Forest District in 2006 is estimated to have been around £440,804,000.
- ◆ This income to the local economy is estimated to have supported around 5,629 Full-Time Equivalent Jobs and 6,530 Actual Jobs (with the addition of seasonal and part-time employment).
- ◆ Overall it is estimated that tourism expenditure supported 6% of local employment.

2. Tables of Results

2.1 Overnight trips by accommodation

	UK	%	Overseas	%	Total	%
Serviced	203,601	25%	16,237	23%	219,838	25%
Self catering	39,525	5%	5,730	8%	45,255	5%
Touring caravans /tents	178,938	22%	10,316	15%	189,254	21%
Static caravans	141,876	17%	517	1%	142,393	16%
Group/ campus	101	0%	520	1%	621	0%
Second homes	17,107	2%	5,606	8%	22,713	3%
Boat moorings	16,455	2%	0	0%	16,455	2%
Other	24,223	3%	3,249	5%	27,472	3%
Paying guests	0	0%	0	0%	0	0%
Staying with SFR	201,462	24%	27,406	39%	228,868	25%
Total	823,000	100%	70,000	100%	892,581	100%
2004	777,000		66,000		843,000	
% change	6%		6%		6%	

	UK	%	Overseas	%	Total	%
Serviced	396,346	16%	66,356	10%	462,702	15%
Self catering	126,583	5%	239,186	36%	365,769	11%
Touring caravans /tents	741,868	29%	36,522	6%	778,390	24%
Static caravans	553,092	22%	1,967	0%	555,059	17%
Group/ campus	1,009	0%	5,763	1%	6,772	0%
Second homes	26,333	1%	59,739	9%	86,072	3%
Boat moorings	32,755	1%	0	0%	32,755	1%
Other	73,905	3%	9,376	1%	83,281	3%
Paying guests	0	0%	0	0%	0	0%
Staying with SFR	567,184	23%	243,096	37%	810,280	26%
Total	2,519,000	100%	662,000	100%	3,181,000	100%
2004	2,460,000		665,000		3,125,000	
% change	2%		0%		2%	

	UK	%	Overseas	%	Total	%
Serviced	£49,806,154	39%	£7,122,947	26%	£56,929,101	38%
Self catering	£7,045,186	6%	£5,565,706	21%	£12,610,892	8%
Touring caravans /tents	£25,619,601	20%	£1,069,235	4%	£26,688,836	17%
Static caravans	£20,866,895	16%	£67,991	0%	£20,934,886	14%
Group/ campus	£35,823	0%	£325,544	1%	£361,367	0%
Second homes	£1,127,308	1%	£5,368,509	20%	£6,495,817	4%
Boat moorings	£2,050,751	2%	£0	0%	£2,050,751	1%
Other	£3,423,034	3%	£151,413	1%	£3,574,447	2%
Paying guests	£0	0%	£0	0%	£0	0%
Staying with SFR	£17,133,755	13%	£7,215,937	27%	£24,349,692	16%
Total	£127,109,000	100%	£26,887,000	100%	£153,996,000	100%
2004	118,345,000		25,897,000		£144,242,000	
% change	7%		4%		7%	

SVF = staying with friends/relatives

2.2 Tourism day trips

	Trips		Spend	
Total	6,975,000		£271,231,000	
2004	6,612,000		£193,960,000	
% change	5%		40%	

2.3 Sector breakdown of visitor expenditure

	Domestic		Overseas		Day		Total	
Accommodation	£38,370,000	30%	£6,990,000	26%		0%	£45,360,000	11%
Retail	£23,913,000	19%	£8,161,000	30%	£68,644,000	25%	£100,718,000	24%
Catering	£28,042,000	22%	£5,928,000	22%	£114,329,000	43%	£148,299,000	34%
Attractions	£12,732,000	10%	£3,215,000	12%	£30,831,000	11%	£46,778,000	11%
Travel	£24,051,000	19%	£2,593,000	10%	£57,428,000	21%	£84,072,000	20%
Total	£127,108,000		£26,887,000		£271,232,000		£425,227,000	

2.4 Other trip related expenditure

Second homes	£879,000
Boats	£2,390,000
Friends and relatives	£11,522,000
Total 2006	£14,791,000
Total 2004	£14,363,000
% change	3%
Total trip expenditure added to additional expenditure	£440,018,000

2.5 Business turnover derived from tourism and related expenditure

Direct	£372,391,000
Supplier and income induced	£68,413,000
Total 2006	£440,804,000
Total 2004	£395,449,000
% change	11%

2.6 Employment supported by tourism and related expenditure

FTE	5,629
Actual 2006	6,530
Actual 2004	6,308
% change	4%

Total employment	82,000
Tourism employment	6,530
Tourism proportion	6%

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.