The Economic Impact of Tourism

Oxford 2007

Final Report

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TOURISM SOUTH EAST

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THE ECONOMIC IMPACT OF TOURISM IN OXFORD

EXECUTIVE SUMMARY

Introduction

- This report contains the findings of a study commissioned by Oxford City Council and undertaken by Tourism South East. The overall aim of the research was to provide indicative estimates for the volume, value and resultant economic impact of tourism on the City. 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.

Key Headline Figures for 2007

- 1,021,000 trips by staying visitors
- 4,555,000 staying visitor nights
- £270,082,000 spent by staying visitors
- 8,265,000 trips by tourism day visitors
- £321,921,750 spent by tourism day visitors
- £592,003,000 spent by all visitors
- £18,260,000 other tourism related spend
- £758,519,000 turnover for local businesses
- 10,190 FTE jobs supported
- 13,933 actual jobs supported

Volume of Tourism

- In 2007, tourism levels were heavily affected by the wet weather and flooding in some parts of the county. Most Districts experienced a decline in the volume of overnight holiday trips and tourism day trips from UK visitors.

- Overall, an estimated 1,021,000 staying trips were spent in Oxford in 2007, of which around 584,000 were made by domestic visitors (57%) and 437,000 by overseas visitors (43%).

- Staying trips result in an estimated 4.55 million bednights in Oxford. Domestic visitors account for 31% of these nights and overseas visitors accounted for 69% due to their longer trip length.

- Approximately 5.25 million tourism day trips (travelling from home and returning to home on same day) were made to Oxford (lasting more than 3 hours and taken on an irregular basis) in 2007. In addition, a further 3 million day trips were made by visitors staying in holiday bases outside Oxford.

- Sixty-three percent of all staying or overnight trips to Oxford were accommodated in commercial serviced accommodation. Just under 3% of all overnight tourism trips involved staying in non-serviced accommodation such as self-catering accommodation and caravan/camping accommodation.

- Thirty percent of staying trips were accommodated in the homes of friends and relatives. Around 3% of all overnight trips involved staying in more than one type of accommodation over the duration of the trip. Lower volumes involved lodgings, second homes and boats.

- Holidays, business and visiting friends and family (VFR) were all important purposes of trips. Overall, 51% of all overnight trips were holiday related, 24% were business related and 19% were VFR trips. Three percent of overnight trips were by overseas students on language courses and 2% were due to 'other' reasons.

Value of Tourism

- Total expenditure by visitors to Oxford is estimated to have been in the region of £592 million in 2007.

- Expenditure on second homes, boats and on goods and services purchased by friends and relatives visitors were staying with, or visiting, generated a further total £18,260,000.

Economic Impact and Employment Sustained

- The £592 million visitor expenditure and the £18.26 million additional tourism related expenditure translated to **£758,519,000** worth of income for local businesses through direct, indirect and induced effects.

- Overall the model estimates that tourism activity in Oxford supported **10,190 FTE jobs** or 13,933 actual jobs in Oxford in 2007.

1. INTRODUCTION

1.1 Objectives of Study

This report examines the value, volume and resultant economic impact of tourism to the City of Oxford. The study was undertaken by Tourism South East on behalf of Oxford City Council using a widely recognised, industry specific methodology, known as the Cambridge Model. To date, this approach has been widely applied across England and the South East region to produce an indicative outline of the scale of tourism activity on a local area basis.

1.2 Background

Tourism is not an industry in the conventional sense of the word – i.e. the tourism product is not created out of a conventional production process and the methods used to measure tourism are not conventional ones. Essentially, the tourism industry serves our needs while we are away from our 'usual environment' by providing products and services, and represents an important part of many local economies.

Measuring the impact of visitor volumes at a local level has been an important issue for destination and countryside managers for years. Yet, the scale, diversity and nature of tourism makes quantification a challenge – for example:

- A plethora of businesses across many different sectors comprise the 'tourism product' e.g. accommodation businesses, visitor attractions, transport providers, retailers, restaurants, pubs, tea rooms etc.
- There are many different types of tourist – day visitors, staying visitors, visitors on holiday, visitors on business, plus visitors visiting friends and relatives, on language study etc. All these different markets behaviour in a different way with respect to trip frequency, spend per head, duration of stay etc.
- The nature of tourism itself creates problems as it is impossible to accurately monitor and record every visitor entering or leaving a geographical area.

It must, therefore, be stressed that calculating the value, volume and impact of tourism can never be a precise science. Theoretically, the best approach is implementing cordon surveys – but these are seldom affordable in practice and still engender a number of technical problems. Thus, the method chosen is always governed by issues of affordability, practically, data availability or attainability, data quality/ representativeness and comparability (both in a spatial and temporal sense).

It is for this reason, that the Cambridge Model – a computer based, industry specific model developed to calculate estimates of volume, value and economic impact of tourism on a county of City basis – has been used extensively.

1.3 The Cambridge Model: Background

For almost ten years, regional tourist boards across England have been working with Geoff Broom Associates in developing the Cambridge Model approach to estimate the value and volume of tourism to local authority areas.

The model was developed to provide an affordable method of calculating the value of tourism to local economies through using a range of readily available local data on an area's tourism product to disaggregate a range of regional/ county tourism statistics. The method is popular with local authorities as it is affordable and can readily use available local statistics to generate a view of the volume, value and economic impact of visitor activity in the area. Nevertheless, where additional local data exists e.g. high quality occupancy data, information on profile of visitor structure and associated spend etc – this enables the replacement of regional data in the first stages of the model. Business surveys can also be commissioned to generate local calibration of the economic stage of the model.

Indeed, although the Cambridge Model approach has been frequently labelled as being 'top-down', it is entirely possible to drive the model entirely by locally collected data, and thus introduce 'bottom-up elements'. Furthermore, the model utilises a standard methodology capable of application across the UK, and thus offers the potential for direct comparisons with similar destinations throughout the country.

1.4 Cambridge Model Version II

Since the inception of the original Cambridge Model approach, a number of changes have occurred to the model's methodology and the context of operation. Most importantly, autumn 2003 saw the launch of Cambridge Model Version II. This revised approach was developed from work undertaken for the South West Regional Development Agency and includes a number of enhancements. These include:

- greater use of local data within the standardised model e.g. occupancy data, information on local wage rates
- enhanced outputs, notably visitor nights by accommodation type, spend by accommodation type, impact of non-trip related spend
- more sophisticated economic impact analysis section
- adoption of a rolling average methodology for staying visitor value and volume[1]

1.5 Methodological Overview

1.5.1 Key Outputs

The model has two stages:

Stage 1: Calculates the volume and value of day and staying visitors to the study area.
Stage 2: Estimates the economic impact of this visitor spending in the local economy.

The Cambridge Model is therefore able to generate indicative estimates for the following:

- The volume of staying trips taken in the City by overseas and domestic visitors
- The volume of visitor nights spend in the City by overseas and domestic visitors

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[1] *This approach offers the additional benefits of producing estimates using more county specific information and is based on three years worth of data for staying visitors – whilst providing additional outputs – notably expenditure and visitor nights by accommodation type.*

- The number of leisure day visits taken from home to and within the City
- Visitor expenditure associated with these trips to the City, and its distribution across key sectors of the local tourism economy
- The value of additional business turnover generated by tourism activity within the City
- The level of direct, indirect and induced employment sustained by visitor expenditure within the City

For staying trips the model also offers a breakdown according to the type of accommodation used and the main purpose of visit, i.e. holiday, visiting friends and relatives, business, language school visit and 'other'[2] purposes.

1.5.2 Data Sources

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)
- England Day Leisure Survey (EDLS)
- New Earnings Survey
- Census of Employment
- Census of Population 2001 (estimates of resident population as rebased on 2001 Census data)
- Labour Force Survey

As highlighted above, the Model allows estimates generated using the above existing data sources to be refined further using locally available survey data – to the extent that it is possible to drive the Model entirely by locally collected data. Locally collected data used in this study include:

- Audit of accommodation stock
- Average room and bed occupancy from local survey
- Number of visits to attractions from local survey
- Retail footfall from large retail outlets

1.5.3 Limitations of Model

The Model relies on a range of data sources, which in turn are based on different methodologies and are estimated to different levels of accuracy. The estimates generated by the Model can therefore only be regarded as indicative of the scale and importance of visitor activity in the local area. The Model cannot, for example, take account of any additions to, or leakage of, expenditure arising from visitors taking day trips into or out of the area in which they are staying. It is likely, however, that these broadly balance each other in many areas.

[2] 'Other' visitors typically include visitors coming to an area for reasons such as education and training, social or sporting events, or even business matters relating to personal or family duties.

1.5.4 Accuracy of the model

As with all models, the outputs need to be viewed in the context of local information and knowledge. Because of the nature of tourism and the modelling process, this model (as with other approaches) can only produce indicative estimates and not absolute values.

The Cambridge Model approach has been independently validated (R Vaughan, Bournemouth University) and was judged robust and the margins of error acceptable and in line with other modelling techniques. Tourism South East, also implement a number of measures to ensure that outputs are indicative as possible, through working with the local authority to audit accommodation to ensure that data inputs on accommodation capacity are as accurate as possible, and ensuring a high degree of transparency in the process (methodology employed, data used, assumptions made)

As a result, there should be confidence that the estimates produced are as reliable as is practically possible within the constraints of the information available.

1.6 Reporting

The results of the economic impact analysis are presented in table and graph form with commentary and interpretation.

Following this introduction, section 2 presents the estimates for the volume of trips to Oxford, whilst section 3 outlines the expenditure associated with these visits. Section 4 examines the economic impact of this expenditure in respect of the number of direct, indirect and induced jobs sustained in Oxford by visitor spending.

Please note that the Cambridge Model rounds numbers to the nearest 1,000. Trips, nights and expenditure considerably lower than 1,000 will not appear on the tables.

2.0 ESTIMATED VOLUME OF VISITORS TO OXFORD

2.1 Volume of staying trips by accommodation

The first stage of the model generates indicative estimates of the volume of staying visitors to Oxford City. These estimates are segmented according to main purpose of visit and accommodation used.

Table 1 illustrates the estimates for the number of trips staying in different types of accommodation in Oxford.

Table 1:Trips by accommodation

	UK		Overseas		Total	
Serviced	277,000	47.4%	211,000	48.3%	488,000	47.8%
Self catering	4,000	0.7%	9,000	2.1%	13,000	1.3%
Touring caravans /tents	5,000	0.9%	6,000	1.4%	11,000	1.1%
Static vans/holiday centres	1,000	0.2%	0	0.0%	1,000	0.1%
Group/campus	82,000	14.0%	52,000	11.9%	134,000	13.1%
Paying guest	0	0.0%	21,000	4.8%	21,000	2.1%
Second homes	1,000	0.2%	3,000	0.7%	4,000	0.4%
Boat moorings	16,000	2.7%	0	0.0%	16,000	1.6%
Other/Mixed	7,000	1.2%	21,000	4.8%	28,000	2.7%
SFR[3]	191,000	32.7%	114,000	26.1%	305,000	29.9%
2007	584,000		437,000		1,021,000	
2006	585,000		429,000		1,014,000	
2005	568,000		383,000		951,000	
% Change 2006-2007	-0.2%		1.9%		0.7%	
% Change 2005-2006	3.0%		12.0%		6.6%	

NB: Please note that trips by accommodation type which involve fewer than 500 trips per year are not presented.

It is estimated that 1,021,000 overnight trips were taken to Oxford City in 2007. This total comprised of 584,000 domestic staying visitor trips (57%) and 437,000 overseas visitor trips (43%). Compared to 2006, the total volume of domestic trips declined marginally by 0.2%, whereas overseas trips increased by 1.9%.

It is estimated that around 63% of all overnight trips were accommodated with the commercial accommodation sector. The majority of these (47.8%) were accommodated in the serviced sector (hotels, guesthouses, bed and breakfasts, and inn accommodation) – reflecting the dominance of this sector in Oxford compared to other types of accommodation. University campus accommodation is estimated to have been used for 13% of all overnight trips.

Only around 2.5% of all overnight trips were accommodated in non-serviced accommodation such as self-catering units and caravan/tents.

Around 30% of all overnight trips were accommodated in the homes of local residents.

Less than 1% (0.4%) of all overnight trips involved staying in a second home.

A small but significant minority of trips involved staying in lodging (paying guests, 2.1%), boats (1,6%%) and more than one type of accommodation during the trip (2.7%).

[3] *Staying in home of friend or relatives*

2.2 Volume of staying trips by purpose of visit

A breakdown of staying trips by purpose of visit is illustrated in table 2 below. For the purpose of this study, purpose of visit is divided into the following categories:

- Holiday trips
- Business trips (including meeting and conferences)
- Visits to friends and relatives (VFR)
- Language study (language school courses for overseas visitors)
- Other purposes including education and training, social or sporting events, house hunting, weddings and funerals, or when visitors have multiple reasons for visiting.

Table 2: Trips by purpose

	UK		Overseas		Total	
Holiday/leisure	374,000	64%	148,580	34%	522,580	51%
Business	109,000	19%	139,840	32%	248,840	24%
VFR	95,000	16%	100,510	23%	195,510	19%
Other/Mixed	5,000	1%	17,480	4%	22,480	2%
Study	0	0%	30,590	7%	30,590	3%
2007	584,000		437,000		1,021,000	
2006	585,000		429,000		1,014,000	
2005	568,000		383,000		951,000	
% Change 2006-2007						
% Change 2005-2006	3%		12%		7%	

Business related trips form a significant makeup of both domestic and overseas staying trips. It is estimated that nearly a fifth of domestic staying trips (19%) and a third of overseas staying trips (32%) were motivated for business purposes.

The largest proportion of domestic staying trips 2007 were holiday/leisure related (64%). Those visiting friends and family accounted for 19% of domestic staying trips. The remaining 1% of domestic trips were made for a range of other purposes including house hunting, weddings, sporting and educational events, and where there was more than one main purpose.

For overseas visitors, holiday trips made up around 34% of trips. Twenty-three percent of overseas trips were VFR related. A further 7% of overseas staying trips were generated by ‘other’ reasons and 4% involved study trips by language students.

2.3 Volume of staying nights by accommodation

Table 3 below outlines indicative estimates of the average number of staying trip nights spent in Oxford according to accommodation type, and split by domestic and overseas visitors.

Table 3: Nights by accommodation

	UK		Overseas		Total	
Serviced	510,000	35.9%	755,000	24.1%	1,265,000	27.8%
Self catering	25,000	1.8%	334,000	10.7%	359,000	7.9%
Touring caravans /tents	22,000	1.5%	32,000	1.0%	54,000	1.2%
Static vans/holiday centres	4,000	0.3%	0	0.0%	4,000	0.1%
Group/campus	195,000	13.7%	623,000	19.9%	818,000	18.0%
Paying guest	0	0.0%	409,000	13.0%	409,000	9.0%
Second homes	2,000	0.1%	49,000	1.6%	51,000	1.1%
Boat moorings	83,000	5.8%	0	0.0%	83,000	1.8%
Other	12,000	0.8%	96,000	3.1%	108,000	2.4%
SFR	566,000	39.9%	836,000	26.7%	1,402,000	30.8%
2007	1,420,000		3,135,000		4,555,000	
2006	1,541,000		3,319,000		4,860,000	
2005	1,494,000		3,123,000		4,617,000	
% Change 2006-2007	-7.9%		-5.5%		-6.3%	
% Change 2005-2006	3%		6%		5%	

NB: Please note that trips by accommodation type which involve fewer than 1,000 nights per year are not presented

The total number of domestic nights spent in Oxford in 2007 is estimated to be approximately 1,420,000, a drop of 7.9% compared to 2006. This reduction comes from a decrease in the number of trips made by visitors from other parts of the UK as well as an overall shortening of trip length. On average UK visitors spent 2.43 nights on their trip in Oxford in 2007 compared to 2.60 nights in 2006.

The total number of overseas trip nights spent in Oxford in 2007 is estimated to be approximately 3,135,000, a drop of 5.5% compared to 2006. The volume of overseas visitor nights is also believed to have reduced through the shortening of trip which changed from an average of 7.70 nights in 2006 to and average of 7.17 nights in 2007. Overseas trips involving non-serviced accommodation such as self-catering units and lodgings (paying guests) and second homes had a much longer trips length than trips which involved staying in other types of accommodation.

Overall, it is estimated that around half of all visitor nights were spent in the commercial accommodation sector, with serviced accommodation establishments accounting for 27.8% of this, campus accommodation accounting for 18% and caravans/tents accounting for 9.2%.

Around 31% of all visitor nights were estimated to have been spent in the homes of local residents.

Overseas visitors staying in lodgings were responsible for 9% of all bednights. Lower volumes of bednights involved second homes, boats and more than one type of accommodation.

Table 4: Average length of trip by accommodation			
	UK	Overseas	All
Serviced	1.84	3.58	2.59
Self catering	6.25	37.11	27.62
Touring/tents	4.40	5.33	4.91
Static /holiday	4.00	0.00	4.00
Group/campus	2.38	11.98	6.10
Paying guest	0.00	19.48	19.48
Second homes	2.00	16.33	12.75
Boat moorings	5.19	0.00	5.19
Other/mixed	1.71	4.57	3.86
FR home	2.96	7.33	4.60
Total 2007	2.43	7.17	4.46

As illustrated in Table 5, 69% of bednights undertaken by UK visitors were associated with holiday trips. Business-related trips accounted for a further 16% of bednights. Around 15% of bednights were VFR related.

Table 5: Staying Visitor Nights by Purpose of Visit						
	UK		Overseas		Total	
Holiday/leisure	980,000	69%	752,400	24%	1,732,400	38%
Business	223,000	16%	595,650	19%	818,650	18%
VFR	210,000	15%	783,750	25%	993,750	22%
Other	6,000	0%	313,500	10%	319,500	7%
Study	0	0%	689,700	22%	689,700	15%
2007	1,420,000		3,135,000		4,555,000	
2006	1,541,000		3,319,000		4,860,000	
2005	1,494,000		3,123,000		4,617,000	
% Change 2006-2007	-7.9%		-5.5%		-6.3%	
% Change 2005-2006	3%		6%		5%	

For overseas staying visitors, holiday related trips accounted for 24% of bednights. Business related trips accounted for 19% of bednights. Overseas visitors visiting friends and relatives represented 25% of all overseas bednights.

It is estimated that around 22% of overseas bednights were occupied by language students. The remaining 10% of nights are estimated to have been generated by other and mixed purposes trips.

Table 6: Ave. length of stay by purpose of trip			
	UK	Overseas	All
Holiday	2.62	5.06	3.32
Business	2.05	4.26	3.29
VFR	2.21	7.80	5.08
Other	1.20	17.93	14.21
Study	-	22.55	22.55
Total	2.43	7.17	4.46

With regard to the length of stay by purpose of trip, the average length of holiday trips for domestic visitors was 2.62 nights, whereas for overseas visitors was 5.06 nights.

Other and mixed purpose trips for overseas visitors appears long in duration compared to the other trip types and this is most likely due to the multi-purpose nature of many of these trips. Naturally study trips were also longer than other trip types, on average involving 22.55 nights.

2.4 Volume of tourism day trips

Day trips involve trips from home and return to home on the same day. This section of the study adopts the definition of tourism day visitor recognised by the Department of Culture, Media and Sport, where day visits (from home and return to home) are defined as being of three hour minimum duration and undertaken on an irregular basis.

Table 7: Number of Tourism Day Visits	
	Trips
Tourism day trips	5,265,000
Day trips from holiday bases elsewhere	3,000,000
2007	8,265,000
2006	8,267,000
2005	7,918,000
% Change 2006-2007	-0.02%
% Change 2005-2006	4.41%

It is estimated that approximately 5.26 million tourism day trips were made to Oxford in 2007.

As Oxford is a premier English destinations it also receives a significant volume of trips as part of day excursions by visitors staying outside the City, most notably London. The model estimates that the City annually receives approximately 3 million day trips from holiday bases outside the City.

In total, Oxford received 8.26 million day trips in 2007, a marginal increase of less than 1% (-0.02%) compared to 2006.

3. ESTIMATED EXPENDITURE OF VISITORS

3.1 Staying visitor expenditure by accommodation

With an average trip expenditure of £149.08 per visitor (a lower average compared to 2006), domestic overnight visitors spent around £87.06 million of their trip in 2007, a decline of nearly 2% compared to 2006.

It is estimated that the average overseas trip expenditure per visitor in 2006 was £418.81, leading to a gross expenditure of £183.01 million, an increase of 2.1% compared to 2006.

Overall it was estimated that staying visitors spent in the region of £270 million in Oxford in 2007, an increase of 0.8% compared to 2006. Table 8a-c below, illustrates staying visitor expenditure by accommodation sector.

Table 8c: Spend by accommodation

	UK		Overseas		Total	
Serviced	£56,938,000	65.4%	£74,029,000	40.4%	£130,967,000	48.5%
Self catering	£1,692,000	1.9%	£10,886,000	5.9%	£12,578,000	4.7%
Touring caravans /tents	£701,000	0.8%	£1,087,000	0.6%	£1,788,000	0.7%
Static vans/holiday centres	£350,000	0.4%	£0	0.0%	£350,000	0.1%
Group/campus	£7,789,000	8.9%	£44,346,000	24.2%	£52,135,000	19.3%
Paying guest	£0	0.0%	£17,635,000	9.6%	£17,635,000	6.5%
Second homes	£80,000	0.1%	£2,405,000	1.3%	£2,485,000	0.9%
Boat moorings	£2,336,000	2.7%	£0	0.0%	£2,336,000	0.9%
Other	£814,000	0.9%	£2,001,000	1.1%	£2,815,000	1.0%
SFR	£16,364,000	18.8%	£30,630,000	16.7%	£46,994,000	17.4%
2007	£87,064,000		£183,018,000		£270,082,000	
2006	£88,748,000		£179,216,000		£267,964,000	
2005	£95,355,000		£166,108,000		£261,463,000	
% Change 2006-2007	-1.9%		2.1%		0.8%	
% Change 2005-2006	-6.9%		7.9%		2.5%	

It is important to note that these estimates relate to the total expenditure incurred by the visitor on their trip, and not just income received by the accommodation establishments.

Sixty-five percent of all domestic trip expenditure and 40.4% of all overseas trip expenditure was made by visitors staying in serviced accommodation.

Trips utilising the homes of local residents accounted for 17.4% of total staying visitor income, reflecting the savings made on accommodation costs and catering. Nevertheless, these trips often result in increased spend in the local economy by the trip host through the purchasing of food, restaurant meals and entertainment (e.g. trips to local attractions) – which is not picked up in conventional visitor surveys.

3.2 Staying trip expenditure by purpose of visit

The model's estimates for total staying trip expenditure according to purpose of visit are presented in Table 9 below. High spending business visitors were estimated to have contributed to 26% of total trip

expenditure, whilst the holiday market accounted for 38%. VFR visitors accounted for 15% of total overnight trip expenditure.
Study trips involving overseas language students contributed 18% towards total staying trip expenditure.

'Other' purpose trips represented the remaining 3%.

Table 9: Staying Visitor Expenditure by Purpose of Visit

	UK		Overseas		Total	
Holiday	£47,698,000	55%	£54,905,400	30%	£102,603,400	38%
Business	£23,960,000	28%	£45,754,500	25%	£69,714,500	26%
VFR	£14,201,000	16%	£27,452,700	15%	£41,653,700	15%
Other	£1,205,000	1%	£7,320,720	4%	£8,525,720	3%
Study	£0	0%	£47,584,680	26%	£47,584,680	18%
2007	£87,064,000		£183,018,000		£270,082,000	
2006	£88,748,000		£179,216,000		£267,964,000	
2005	£95,355,000		£166,108,000		£261,463,000	
% Change 2006-2007	-1.9%		2.1%		0.8%	
% Change 2005-2006	-6.9%		7.9%		2.5%	

3.3 The Value of Day Trips to Oxford

Table 10 below illustrates the estimates for tourism day visitor expenditure.

Expenditure associated with tourism day visits to Oxford in 2007 is estimated to have been in the region of £321.9 million, based on an average spend per trip of £38.95

Compared to 2006, tourism day trip expenditure declined very marginally by 0.02%.

Table 10: Value of Day Visits		
	Spend	
2007	£321,921,750	£38.95 per trip
2006	£321,999,650	£38.95 per trip
2005	£306,850,000	£38.75 per trip
% Change 2006-2007	-0.02%	
% Change 2005-2006	5%	

3.4 Total Visitor Expenditure in Oxford

In sum, expenditure associated with overnight and tourism day visits to Oxford in 2007 is estimated have been in the region of £592,003,750.

Fifteen percent of total trip expenditure came from domestic staying trips, 31% of expenditure came from overseas staying trips and 54% of total trip expenditure came from day visitors.

Table 11: Total trips and total expenditure				
	No. of trips		Spend	
Domestic staying trips	584,000	6%	£87,064,000	15%
Overseas staying trips	437,000	5%	£183,018,000	31%
Day trips	8,265,000	89%	£321,921,750	54%
2007	9,286,000		£592,003,750	
2006	9,218,000		£589,963,650	
% Change 2006-2007	0.7%		0.3%	

Apart from the activity associated with the individual trips, some forms of activity also involve ongoing expenditure, e.g. maintenance of second homes and boats by staying visitors or result in additional spending by friends and relatives with whom the tourist is staying with or visiting[4].

As illustrated in Table 12, it is estimated that an additional £18,260,000 was generated from spending on second homes and by friends and relatives.

Table 12: Other Expenditure Associated with Tourism Activity	
Spending on second homes	£212,000
Boats	£1,600,000
Spending by friends/relatives	£15,001,000
Total	£18,260,000

[4] *The model can only generate an estimate of this additional expenditure based on the volume of staying trips. The model cannot account for any additional expenditure of this kind arising from tourism day trips and day trips from holiday bases elsewhere.*

3.5 Distribution of Visitor Spending

The estimated total expenditure of visitors to Oxford has been allocated across the main sectors of the local tourism economy, based on regional breakdowns of national survey data. The categories used are spend on accommodation, shopping (retailing), eating and drinking (catering), entertainment and entry to attractions, and transport (including spend on fuel and public transport).

Table 13 below illustrates a breakdown for visitor expenditure by business sector, for all visitors to the City. Overall, retailers received the largest proportion of visitor expenditure (35%) in 2007.

Approximately 28% of total tourist expenditure was spent on food and drink and 11% was spent on transport costs.

Accommodation providers (who do not benefit from day visitor expenditure) received around 15% of total trip expenditure. Spending on attractions and entertainment was estimated to have accounted for the remaining 10% of expenditure.

Table 13: Distribution of total visitor expenditure

Accommodation	£89,078,000	15%
Shopping	£209,329,000	35%
Food and drink	£166,554,000	28%
Entertainment	£60,211,000	10%
Travel	£66,832,000	11%
Total expenditure	£592,003,000	

As illustrated in Table 14, accommodation costs represented the greatest outlay for domestic staying visitors (33%), followed by travel costs (22%), food and drink (20%), shopping (17%) and entertainment/attractions 6%.

The level of domestic staying trip expenditure on travel appears high. This is because the figure includes all expenditure on travel and therefore includes expenditure which benefits businesses outside Oxford. For example, it includes the cost of coach and train tickets bought in the home location and petrol purchased on route. Overseas visitors expenditure on travel tends to be significantly lower than domestic visitors as it excludes airplane ticket fares and the vast majority of overseas travellers tend to travel around destinations visited using public transport.

When it comes to working out the turnover businesses in Oxford receive from visitor expenditure, 40% of travel expenditure is deducted from the expenditure figures as it is assumed 60% of total travel expenditure accrues to the destination area.

Table 14: Total visitor expenditure by business sector

	Domestic trip		Overseas trip		Day trip	
Accommodation	£29,123,000	33%	£59,955,000	33%		
Shopping	£14,371,000	17%	£49,771,000	27%	£145,187,000	45%
Food and drink	£17,448,000	20%	£35,790,000	20%	£113,316,000	35%
Entertainment	£7,236,000	8%	£21,749,000	12%	£31,226,000	10%
Travel	£18,886,000	22%	£15,754,000	9%	£32,192,000	10%
Total	£87,064,000		£183,019,000		£321,921,000	

Of the £183.01 million spent by overseas visitors in 2007, 33% was received by accommodation providers, 27% by retailers, 20% by catering businesses, 12% by attractions/ entertainment providers and 9% by transport related businesses.

Of the £321.92 million estimated to be spent by day visitors to Oxford, retail businesses received the largest share at 45%. Thirty-five percent of tourism day trip expenditure went on purchasing food and drink, 10% went on entertainment/attractions and a further 10% went on transport/travel.

4.0 ECONOMIC IMPACT OF TOURISM IN OXFORD

4.1 Introduction

The £592 million associated with overnight and tourism day trips to Oxford and the £18.26 million additional trip related expenditure (e.g. spend by friends and relatives) represents additional turnover for local businesses receiving this expenditure. This increased turnover supports jobs and incomes in those establishments benefiting from tourism related spending.

Through calculating the value of visitor expenditure in different sectors of the local economy, the model is able to estimate the level of turnover attributed to tourism, and subsequently, the proportion of this turnover spent on wages. The proportion will vary by industry sector i.e. wages are likely to be a smaller proportion of costs in retailing compared to accommodation or catering.

The model is therefore able to provide estimates for:

- Number of jobs sustained by tourism related expenditure in businesses directly in receipt of visitor spending.
- The indirect and induced multiplier effects on local employment.

Induced and multiplier jobs are based on local impacts in Oxford.

4.2 Business Turnover Supported by Tourism Activity

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

- Tourists 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 in Oxford. 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**.**

Once adjustments are made, it is estimated that of the £592 million spent on trips, £565.27 million of this expenditure represented direct turnover in local businesses which were in direct receipt of visitor trip and non-trip related expenditure. With the addition of the £18.26 million other related trip expenditure, £583.53 million was received by businesses in Oxford.

A further £174,988,000 of turnover was created in the local economy from the purchase of supplies and services by businesses directly receiving tourism expenditure, as well as from the spending of wages by those employed within tourism.

In total local business turnover supported by tourism activity is estimated to have been in the region of £758.51 in 2007. Compared to 2006, this represents a 2% increase in turnover.

Table 15a: Direct turnover for businesses in direct receipt of visitor spend on trip	
	Direct turnover
Accommodation	£92,409,000
Retail	£207,235,000
Catering	£161,558,000
Attraction/entertainment	£63,970,000
Transport	£40,099,000
Total	£565,271,000
Other trip related expenditure	£18,260,000
Total Direct	£583,531,000

Table 15b: Total local business turnover supported by tourism activity	
	Total turnover
Direct	£583,531,000
Supplier & income induced	£174,988,000
2007	£758,519,000
2006	£740,313,000
2005	£736,464,000
% Change 2006-2007	2%
% Change 2005-2006	1%

4.3 Employment supported by tourism expenditure

4.3.1 Direct FTE Jobs by Business Sector

Having identified the value of turnover generated by visitor spending in each business sector, the Model estimates the employment associated with that spending. A proportion of the turnover will be absorbed by wages for staff and drawings for the proprietors. The proportion will vary by sector, thus wages are likely to be a smaller proportion of costs in retailing compared to accommodation and catering. The Model uses data from the Business Information database to ascribe an average proportion of turnover taken by wage and drawing costs for each business sector. By applying these proportions to the overall additional turnover in each sector, the amount of money absorbed by employment costs can be calculated.

The New Earnings Survey provides data from which the average wage costs by business sector adjusted to take account of regional differences can be calculated. It also provides information on variations in earnings by occupation at City level, allowing the relative differences between City and regional wage levels to be estimated. After allowing for additional costs such as National Insurance and pension costs, an average employment cost per full time equivalent job in each sector can be estimated. The number of such jobs in the local area can then be estimated by dividing the amount of business expenditure on wages and drawings by the average employment cost per job in the local area.

For the purpose of this study, ‘direct’ employment is defined as those jobs in Oxford, including both working proprietors (self employed) and employees, in businesses where visitors spend money.

As illustrated in table 16, it is estimated that 7,383 FTE jobs were directly sustained in Oxford by visitor spending in 2007.

Table 16a: Total FTE employment related to tourism spending

Direct	7,383	72%
Indirect/linkage	2,068	20%
Induced	739	7%
2007	10,190	
2006	9,945	
2005	9,917	
% Change 2006-2007	2.5%	
% Change 2005-2006	0.3%	

The purchasing of supplies and services by businesses directly benefiting from visitor spending creates an additional demand within the local economy and, therefore, additional turnover. Whilst some of this business expenditure will go to businesses located outside Oxford or County, an element will be retained. This is typically higher in urban areas than rural areas as the former will have a much higher proportion of suppliers, thus reducing leakage. Retention will also be governed by sector as accommodation and catering businesses often purchase fresh food supplies locally, where many retail and transport businesses buy in the bulk of stock from major depots or suppliers elsewhere.

The Model estimates, using data from the Business Information Database, the number of jobs sustained by businesses re-spending on local goods and services in the City. These jobs – which are indirectly sustained by visitor spending – are known as indirect or linkage jobs. This spending is estimated to have sustained a further 2,068 FTE jobs in Oxford

In addition to the direct and indirect linkage jobs supported in the local area by visitor spending, additional employment will be generated by multiplier effects. Multiplier or induced jobs are those jobs which result from the re-spending by employees of income earned, directly and indirectly, as a result of visitor spending in Oxford. Such multiplier jobs will again be spread across a wide range of sectors including retailing, catering and transport as well as public service jobs such as education, health and local government. The degree of multiplier effects will depend upon the nature of the economy, since the number of higher-level services tends to be concentrated in larger urban areas.

This spending is estimated to have sustained a further 739 FTE jobs in Oxford

4.3.3 Actual Jobs by Business Sector

In reality the total number of actual jobs supported by tourism activity will be higher when part time and seasonal working is taken into account. The Model converts FTE estimates into actual jobs.

It is therefore estimated that 10,706 actual jobs were sustained directly by the expenditure of visitors in Oxford, 2,378 indirectly and 850 are sustained through induced/multiplier effects.

Table 16b: Total Actual employment related to tourism spending		
Direct	10,706	77%
Indirect/linkage	2,378	17%
Induced	850	6%
2007	13,933	
2006	13,709	
2005	13,643	
% Change 2006-2007	1.6%	
% Change 2005-2006	0.5%	

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-trip' 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 produces 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.

Annual Business Inquiry (ABI)

This is the main government survey of companies in the UK. It is conducted in two parts: one dealing with employment, the other with financial information.

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.

England Day Leisure Survey (EDLS)

The leisure day visits survey was last conducted in 2005 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 2005.

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 is 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.

Annual Survey of Hours and Earnings

The ASHE provides information on wage levels by industry sector and occupation. The main strength of the AHSE 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 ASHE is the best source for estimating full time earnings.

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.