Economic Impact of Tourism

Norfolk - 2008

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Contextual analysis

Weather

In quarter 1 2008 the mean temperature was close to or slightly above average in all three months. The sunshine was generally close to average, but February experienced well above average sunshine. The level of rainfall was well above average in March, but closer to average in January and February. There was significant snowfall on the Easter weekend, which fell in March in 2008.

In quarter 2 2008 the mean temperature was close to average in April and June, and above average in May. The sunshine was generally close to average in the entire quarter. The level of rainfall was generally close to average, although in May the region experienced slightly above average rainfall and June was slightly below average.

Over the three months in quarter 3 the temperature was close to or slightly above average. August and September were generally dull, with low sunshine. There was wet weather across parts of the region in August and September, although the rainfall in July was close to average.

Overall quarter 4 was colder than average, with below average temperatures in October and December 2008 and close to average temperatures in the month of November. October and December also had above average sunshine. There was wet weather across parts of the UK in October and November, although the rainfall in December was below average in parts of the region.

Economic Trends

After a period of strong growth in the UK spurred by a consumer boom fuelled by credit and a soaring housing market, growth slowed sharply during 2008, falling into recession by the end of the year.

GDP increased by 0.4 per cent in the first quarter of 2008, compared with 0.6 per cent in the previous quarter. There was a deceleration in both production and service industries compared with the fourth quarter of 2007. Within services, distribution, hotels and restaurants rose by 0.9 per cent, compared with a rise of 0.2 per cent in the fourth quarter of 2007.

Towards the end of quarter 2, the news was dominated by the crisis the in financial system and the recapitalisation or bankruptcy of several major banks. By the end of quarter 4, the business news was dominated by the bankruptcy of several major retailers and job losses in UK companies.

Consumer Confidence

During the first part of the year household final consumption expenditure grew by 1.9 per cent. Amongst the strongest growth areas were recreation and culture, up 2.5 per cent, and restaurants and hotels, up 1.7 per cent. This growth continued in the second quarter but by 0.7 per cent only. Restaurants and hotels experienced a decrease in growth, down 2.1 per cent, while recreation and culture experienced slight growth.

Consumer confidence fell 3 points in September, with two thirds (66%) of consumers thinking that the current economic situation is bad. This is up five percentage points from 61% in July.

Consumer confidence remained low in quarter 4 2008, with further falls in November (-6%) and December (-8%). Three quarters (75%) of consumers said that the current economic situation is bad compared to 24% in December 2007.

Tourism Performance

Visitor volumes to regional attractions in 2008 - In order to provide an indication on how the attractions sector is performing throughout the year, East of England Tourism conduct a quarterly visitor attractions monitor. The survey provides information on visitor numbers to independent attractions, as well as English Heritage and National Trust properties. In 2008 attractions in the sample experienced an overall increase in visitor numbers of 1%.

Serviced Accommodation Occupancy 2008 - The overall occupancy levels in 2008 in the East of England was at the same level as 2006 at 55% and 1% down from 2007. As in previous years, the weekday room occupancy was higher than the weekend room occupancy.

In 2008 UK guests comprised an average of 91% of guests. UK guests stayed an average of 1.8 nights, while overseas guest stayed for slightly longer, 2.0 nights on average. On average, 31% of guests in the region were on a business trip. This represented a 4% increase on business occupancy in the previous year. Room occupancy in Bedfordshire, Essex and Norfolk was down compared to 2007 whilst Cambridgeshire, Hertfordshire and Suffolk experienced a rise.

Volume & value of trips to the East of England - Reflecting the economic slowdown and generally poor weather throughout the year, there was an overall decline in domestic tourism in the region. It is difficult to disentangle the effect of the poor summer weather from the general economic situation but on the whole the figures certainly indicate a challenging trading environment during the year.

In 2008 a total of 11.41 million overnight trips (domestic and overseas) were made to the East of England (-10.7% down on 2007). Expenditure increased by 2.73% from £2.19bn in 2007 to 2.25bn in 2008, although it should be noted that this does not take account of inflation. Adding to this expenditure from tourism day trips, the total direct spend by visitors to the region was marginally up from £5.12bn in 2007 to £5.17bn in 2008.

Introduction about Cambridge Model

This report examines the volume and value of tourism and the impact of that expenditure on the local economy in 2008.

The figures were derived using the Cambridge Economic Impact Model and the research was undertaken by the East of England Tourism (EET).

The model utilises information from national tourism surveys and regionally based data held by EET. It distributes regional activity as measured in those surveys to local areas using 'drivers' such as the accommodation stock and occupancy which influence the distribution of tourism activity at local level.

Limitations of the Model

The methodology and accuracy of the above sources varies. The results of the model should therefore be regarded as estimates which are indicative of the scale and importance of visitor activity in the local area. It is important to note that in the national tourism surveys the sample sizes for each area changes year on year. This is as a result of the random probability nature of the methodology. **As such, the results of the Cambridge Model are best viewed as a snapshot in time and we would caution against year-on-year comparisons.**

It should be noted that the model cannot take into account any leakage of expenditure from tourists taking day trips out of the area in which they are staying. While it is assumed that these may broadly balance each other in many areas, in locations receiving significant numbers of day visitors from London, there is likely to be an underestimate in relation to the number of overseas day visitors staying in holiday accommodation in London.

Whilst it is important to be aware of these issues, we are confident that the estimates we have produced are as reliable as is practically possible within the constraints of the information available.

Rounding

All figures used in this report have been rounded. In some tables there may therefore be a slight discrepancy between totals and sub totals.

Data sources

The main national surveys used as data sources in stage one include:

- United Kingdom Tourism Survey (UKTS) providing information on tourism activity by UK residents;
- International Passenger Survey (IPS) providing information on overseas visitors to the United Kingdom;
- Day Visits in Great Britain Survey using information on visits lasting more than 3 hours and taken on an irregular basis

These surveys provide information down to a regional level. In order to disaggregate data to a local level the following information sources are used:

- Records of known local accommodation stock held by Regional Tourist Boards;
- Tourist Board surveys of Visits to Attractions, which provide data on the number of visitors to individual tourist attractions within their area;
- Registrar General's estimates of resident population as based on the 2001 Census of Population;
- Selected data from the 1998 Census of Employment;
- Selected data on the countryside and coast including, national designations and length of the coastline

Staying Visitors

The UKTS provides information on the total number of trips to the region and the relative proportions using different types of accommodation. By matching these figures to the supply of such accommodation, the regional average number of trips per bedspace or unit of accommodation can be derived. The IPS provides information on the total number of trips by overseas visitors to the region.

Value & Value of Tourism Staying Visits

There was a small decline in domestic tourism in the United Kingdom during 2007 compared to the previous year. Trips declined just over 2% whilst the decrease in terms of bednights was 1%. Spending increased 1%, although it must be recognised that this does not take account of inflation. These variations also affect the East of England although overall results for the region are slightly more positive, particularly in terms of expenditure.

Day Visitors

Information on day trips at the regional level is available from the Day Visits in Great Britain survey. The survey includes all leisure-related trips from home. It should be noted that a large proportion are local trips made by people resident in the locality. The model uses information from the survey to estimate the number of longer day trips (defined as those lasting at least 3 hours and involving travel of more than 20 miles) and irregular trips lasting more than 3 hours.

Value & Value of Tourism Day Visits by main destination.

The latest England Day Visitor survey (2005) shows that there were an estimated 0.87 billion tourism trips from home in England. This is a 5% decrease on 2002/03. Approximately 77% of these trips were made to inland towns or cities (71% in 2002/03). 16% were to the countryside (22% in 2002/03) and 7% to the seaside / coast (7% in 2002/03). The results of the East of England reflect these changes and urban areas will have experienced a higher than average increase in day trippers.

The total value of expenditure on Tourism Visits according to the same report was approximately £37.4 billion. This was up 21% in real terms from the 2002/03 figure of £30.8 billion. These changes are reflected in the East of England results. The average expenditure on regional tourism visits to an inland town/city (£36.20) is estimated to be higher than the expenditure on coastal / seaside trips (£26.15) and on countryside trips (£29.77).

Impact of tourism expenditure

This section examines the impact of the tourism expenditure in terms of the direct, indirect and induced expenditure as well as an estimate of the actual jobs (both direct and indirect) supported by tourism expenditure in the district.

The UKTS, IPS and Day Visits to Great Britain survey data on the breakdown of visitor spending; The New Earnings Survey which provides information on wage levels by industry sector and region; An internal business database which includes data on the structure of business expenditure, local linkages and multiplier ratios drawn from a wide range of business and economic studies carried out by Geoff Broom Associates, PA Cambridge Economic Consultants and others. By applying the breakdown to the estimates of visitor spending, the model generates estimates of total spending.

Evidence from national studies suggests that some minor adjustments are required to match visitor spend to business turnover – for example, some expenditure on food and drink actually takes place in inns and hotels that fall in the accommodation sector and within attractions. More significantly, expenditure on travel costs associated with individual trips is equally likely to take place at the origin of the trip as the destination. Therefore the model assumes that only 40% of travel expenditure accrues to the destination area.

Number of full time job equivalents

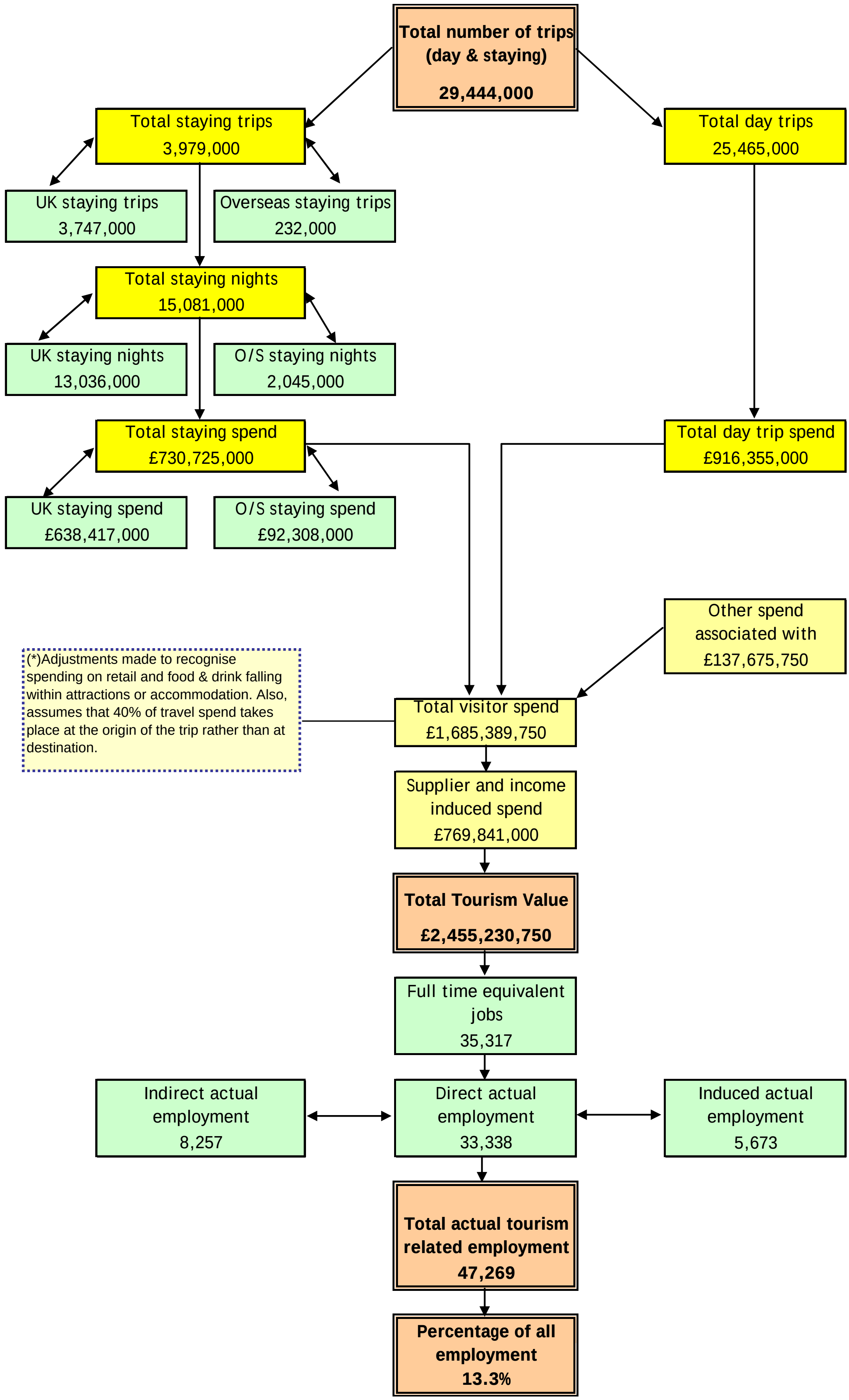
Having identified the value of turnover generated by visitor spending, it is possible to estimate the employment associated with that spending. Wages for staff and drawings for the proprietors will absorb a proportion of that turnover. By applying these proportions to the overall additional turnover in each sector, the amount of money absorbed by employment costs can be calculated. The New Earnings Survey provides data from which the average costs by business sector, adjusted to take account of regional differences, can be calculated (the Visit Britain publication, Employment Generated by Tourism in Britain was also used) After allowing for additional costs such as National Insurance and pension costs, an average employment cost per full time equivalent job 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.

Number of Actual Jobs

The model generates estimates of full time equivalent jobs based on visitor spending. However, the total number of actual jobs will be higher when part time and seasonal working is taken into account. The full time equivalent jobs arising directly from visitor spending are converted into actual jobs using information from business surveys in the sectors receiving visitor spending. In general, the conversion factor varies around 1.5 in those sectors.
The indirect and induced jobs arise across a much wider range of employment sectors. Therefore, the average 1.16 for all sectors based on Census of Employment data has been used to convert full time equivalent jobs in this sector to actual jobs.

The employment estimates generated by the model include both self employed and employed people supported by visitor expenditure. The model also includes an estimate of the additional jobs arising in the attractions sector, which are not related to visitor expenditure. However, the numbers do not include other tourism-related employment such as jobs in local authorities arising from their tourism functions, e.g. tourist information staff, additional public health, parks and gardens, public conveniences, maintenance sections and jobs arising from capital investment in tourism facilities.

Economic Impact of Tourism - Norfolk 2008 - Headline Figures



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