
The Economic Impact of Tourism Brighton & Hove 2008

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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.

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.

Key headline figures for Brighton & Hove

- ◆ 1,387,000 trips involved an overnight stay
- ◆ 4,414,000 nights were spent in the District by staying visitors
- ◆ £449,364,000 was spent by staying visitors on their trip
- ◆ 6,778,000 trip involved day trips
- ◆ £243,697,000 spent by day visitors on their trip
- ◆ In total £693,063,000 was spent by all visitors on their trip
- ◆ In addition, expenditure by friends and relatives on visitors, and visitors spend on boats and second homes generated a further £27,084,000
- ◆ With the addition of other expenditure and once adjustments are made, tourism activity generated £681,820,000 expenditure
- ◆ With the addition of multiplier impacts, tourism was worth around £938.7 million in 2008
- ◆ This income supported 12,933 FTE jobs and 17,584 Actual jobs
- ◆ ONS job figures show that an estimated 14,200 jobs in Brighton & Hove are in tourism-related sectors

Tourism Economic Impact Estimates

This report contains the findings of a study commissioned by Brighton & Hove City 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. Expenditure data used in this report has been based on an average spend figure for 2008 drawn from the 2007 and 2009 Visitor Survey.

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

- The most significant development affecting the industry in 2008 was the onset of global economic downturn. Turmoil in the financial sector across the USA and Europe ushered in a period of austerity in the UK following almost 16 years of unbroken gross domestic product (GDP) growth. The contraction of GDP in quarters 3 and 4 of 2008 was the first time the UK economy recorded negative growth in consecutive periods since 1991.
- ◆ Holidays and leisure travel in general suffered. In England, domestic tourism contracted by 4.7% in trip volume (from just over 100 million trips in 2007 to 95.5 million trips in 2008) and by 0.6% in trip expenditure compared to the previous year (from £16.5 billion in 2007 to £16.4 billion in 2008). VFR experienced the steepest decline (-8%) compared to 2007, whilst holiday trips fell by 4%.
- ◆ The impact on travel has been global. Results from the International Passenger Survey (IPS) reveal a reduction in the volume of inbound tourism visits into England in 2008 (-1.6% compared with 2007). Inbound tourism visits into England fell from 27.8 million in 2007 to 27.3 million in 2008. Trips from the USA dropped the most as Americans' lowest ever levels of consumer confidence and rising unemployment meant that far fewer took holidays abroad in 2008.
- ◆ The decline in trips at the national level is mirrored locally in Brighton & Hove. It is estimated that around 1,387,000 overnight tourism trips were made to Brighton & Hove in 2008. Of these trips, domestic visitors made 80% of trips (1,104,000) and overseas visitors made 20% of trips (283,000). Compared to 2007, the volume of domestic overnight trips dropped by 1.7%, and the volume of inbound overnight trips dropped by 2.7%.
- ◆ Of all commercial accommodation available to visitors, serviced accommodation (hotels, guest houses and B&Bs) was the most popular choice among visitors (used by 57% of domestic staying visitors and 42% of overseas staying visitors).
- ◆ Significant proportions of both domestic and overseas visitors were accommodated in the homes of friends and family during their trip to Brighton & Hove (37% and 34% respectively).
- ◆ Overall the number of nights spent in Brighton & Hove by domestic visitors mirrors the changes seen in the volume of trips – a decline of 1.6%.

- ◆ Inbound trips shortened in length so that the overall volume of nights spent in the Brighton & Hove by foreign tourists dropped by 4.3% compared to the 2.7% drop in trips.
- ◆ Despite the overall drop in volume of both trips and nights the average spend per head increased considerably in 2008 based on evidence drawn from local visitor surveys. 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.
- ◆ In total, it is estimated that around £449,364,000 was spent by all overnight visitors on their trip to Brighton & Hove in 2008, up by 12% compared to 2007. Expenditure is up for domestic visitors by 11.9% and inbound trip spend is up by 13 %.
- ◆ It is estimated that around 6.7 million tourism day trips were made to Brighton & Hove in 2008, down by 1.6%. Despite the drop, day visitors spent more on their trip in 2008, raising overall expenditure to £243,697,000 up 1.7%.
- ◆ In total, around £693,063,000 was spent on trips to Brighton & Hove in 2008 by overnight and day visitors, up 8.3% compared to 2007. Thirty-nine percent of this expenditure was made by domestic staying visitors; 26% by overseas staying visitors and 35% by day visitors.
- ◆ It is estimated that 22% of total trip expenditure went towards the cost of accommodation. Twenty-seven per cent of total trip expenditure was spent in catering establishments and a further 25.6% was spent in the retail sector. Approximately 11.4% of total trip expenditure went on visits to attractions and other entertainment. Finally, the remaining 13.8% of total trip expenditure was spent in the transport sector. 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 £27,084,000 of direct turnover for local businesses in 2008.

1.3 Economic impact

- ◆ Of the £693,663,000 estimated to have been spent by visitors on their trip and the £27 million additional trip-related expenditure, around £681,820,000 directly benefited local businesses from hotels and restaurants to cafes, shops and attractions in Brighton & Hove. 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.
- ◆ 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 £256,919,000 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 Brighton & Hove in 2008 is estimated to have been around £938,739,000.
- ◆ This income to the local economy is estimated to have supported around 12,933 Full-Time Equivalent Jobs and 17,584 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 14,200 jobs in Brighton & Hove are in tourism and tourism-related businesses. According to the ABI data, tourism-related jobs represent 11.9% of all employee jobs in Brighton & Hove.

2. Tables of Results

2.1 Overnight trips by accommodation

	UK	%	Overseas	%	Total	%
Serviced	632,000	57%	119,000	42%	751,000	54%
Self catering	12,000	1%	2,000	1%	14,000	1%
Caravan/tent	11,000	1%	1,000	0%	12,000	1%
	0	0%	0	0%	0	0%
Group/ campus	9,000	1%	14,000	5%	23,000	2%
Second homes	2,000	0%	2,000	1%	4,000	0%
Boat moorings	7,000	1%	0	0%	7,000	1%
Other	25,000	2%	3,000	1%	28,000	2%
Paying guests	0	0%	44,000	16%	44,000	3%
SFR	406,000	37%	97,000	34%	503,000	36%
Total 2008	1,104,000		283,000		1,387,000	
Total 2007	1,123,000		291,000		1,414,000	
% change	-1.7%		-2.7%		-1.9%	

	UK	%	Overseas	%	Total	%
Serviced	1,454,000	55%	441,000	25%	1,895,000	43%
Self catering	39,000	1%	16,000	1%	55,000	1%
Caravan/tent	30,000	1%	3,000	0%	33,000	1%
	0	0%	0	0%	0	0%
Group/ campus	47,000	2%	85,000	5%	132,000	3%
Second homes	23,000	1%	18,000	1%	41,000	1%
Boat moorings	26,000	1%	0	0%	26,000	1%
Other	54,000	2%	3,000	0%	57,000	1%
Paying guests	0	0%	362,000	20%	362,000	8%
SFR	951,000	36%	862,000	48%	1,813,000	41%
Total 2008	2,624,000		1,790,000		4,414,000	
Total 2007	2,668,000		1,871,000		4,539,000	
% change	-1.6%		-4.3%		-2.8%	

	UK	%	Overseas	%	Total	%
Serviced	£210,782,000	78%	£73,031,000	41%	£283,813,000	63%
Self catering	£2,581,000	1%	£1,044,000	1%	£3,625,000	1%
Caravan/tent	£1,666,000	1%	£200,000	0%	£1,866,000	0%
	£0	0%	£0	0%	£0	0%
Group/ campus	£2,430,000	1%	£6,650,000	4%	£9,080,000	2%
Second homes	£1,309,000	0%	£1,558,000	1%	£2,867,000	1%
Boat moorings	£1,268,000	0%	£0	0%	£1,268,000	0%
Other	£1,911,000	1%	£296,000	0%	£2,207,000	0%
Paying guests	£0	0%	£28,801,000	16%	£28,801,000	6%
SFR	£48,733,000	18%	£67,102,000	38%	£115,835,000	26%
Total 2008	£270,681,000		£178,683,000		£449,364,000	
Total 2007	£241,825,000		£158,161,000		£399,986,000	
% change	11.9%		13.0%		12.3%	

SFR = staying with friends/relatives

2.2 Tourism day trips

	Trips	Spend
Total 2008	6,778,000	£243,697,000
Total 2007	6,888,000	£239,709,000
% change	-1.6%	1.7%

2.3 Sector breakdown of visitor expenditure

	UK tourists		Overseas tourists		Day visitors		Total	
Accommodation	£96,348,000	35.6%	£55,790,000	31.2%	£0	0.0%	£152,138,000	22.0%
Shopping	£35,547,000	13.1%	£49,745,000	27.8%	£92,463,000	37.9%	£177,755,000	25.6%
Food and drink	£58,979,000	21.8%	£35,095,000	19.6%	£94,561,000	38.8%	£188,635,000	27.2%
Attractions/entertainment	£29,018,000	10.7%	£22,572,000	12.6%	£27,135,000	11.1%	£78,725,000	11.4%
Travel	£50,790,000	18.8%	£15,482,000	8.7%	£29,538,000	12.1%	£95,810,000	13.8%
Total	£270,682,000		£178,684,000		£243,697,000		£693,063,000	

2.4 Other trip related expenditure

Second homes	£677,000
Boats	£2,598,000
Friends and relatives	£23,809,000
Total 2008	£27,1084,000

2.5 Business turnover derived from tourism and related expenditure

	Staying tourists		Day visitors		Total	
Accommodation	£154,019,000	36.4%	£1,891,000	0.8%	£155,910,000	23.8%
Retail	£84,438,000	20.0%	£91,538,000	39.5%	£175,976,000	26.9%
Catering	£91,251,000	21.6%	£91,724,000	39.6%	£182,975,000	27.9%
Attraction/entertainment	£53,384,000	12.6%	£29,005,000	12.5%	£82,389,000	12.6%
Transport	£39,763,000	9.4%	£17,723,000	7.6%	£57,486,000	8.8%
Total 2008	£422,855,000		£231,881,000		£654,736,000	
Other trip related expenditure	£27,084,000		£0		£27,084,000	
Total direct 2008	£449,939,000		£231,881,000		£681,820,000	
Total direct 2007	£403,561,000		£228,195,000		£631,756,000	
% change	11.5%		1.6%		7.9%	

Adjustments have been made to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. A small proportion of day trip spend will also fall into 'Accommodation' where day visitors have eaten in restaurants/bars of hotels. Furthermore, it is assumed that 40% of travel expenditure occurs outside the destination.

Direct	£681,820,000
Supplier and income induced	£256,919,000
Total 2008	£938,739,000
Total 2007	£868,120,000
% change	8.1%

2.6 Employment supported by tourism and related expenditure

	2008	2007	% change
FTE Jobs	12,933	11,943	8.3%
Actual Jobs	17,584	16,233	8.3%

	Brighton & Hove	Brighton & Hove	South East	Great Britain
	(employee jobs)	(%)	(%)	(%)
Tourism-related	14,200	11.9	8.2	8.2

Source: ONS annual business inquiry employee analysis

Notes: Tourism consists of industries that are also part of the services industry see definition below
% is a proportion of total employee jobs

Employee jobs excludes self-employed, government-supported trainees and HM Force

Tourism-related includes the following sectors:

SIC 551 Hotels

SIC 552 Camping sites etc

SIC 553 Restaurants

SIC 554 Bars

SIC 633 Activities of travel agencies etc

SIC 925 Library, archives, museums etc

SIC 926 Sporting activities

SIC 927 Other recreational activities

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)
- England Leisure Visits Survey (ELVS)
- 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.