

Summary

Although not represented in the current Northern Powerhouse Independent Economic Review, the visitor economy is a sector of importance to the North of England, and it is responsible for providing substantial amounts of demand that fill that utilise the transport network.

The sector sees over 369m visitors to the North of England, including more than 33m on staying trips. The sector also sees visitor expenditure of over £17bn, including over £2bn from overseas visitors to the UK.

Visitors add substantially to resident populations (even after down-weighting to allow for their short length of stay) – staying visitors alone add between 1.4%-9.1% to the population of the North's core cities, and in some cases more than 10% when looking at other areas such as resorts and national parks, and this should be accounted for within modelling.

Currently the North has 29% of all domestic overnight trips in England, but 14% of all overseas overnight trips, suggesting the potential for growth. There exist many strengths, with many of the North's core cities and national parks being amongst national and international 'hot spots' of demand.

Work by Deloitte suggested that over an 18-year period tourism in the UK was likely to grow by between 50% and 94%.

Key aspects for the North of England's transport will be ensuring good access to international gateways (including London), and transport that enables efficient dispersal of visitors – both to the core cities and beyond the core cities to local areas, resorts and national parks.

WebTAG unit 2.2 provides an official reference to the possibility of using tourism data within a business case, including where STEAM model data may be available.

Future growth of visitor numbers within a transformed North of England needs to be factored by a number of elements – depending on the visitor type this may primarily be a reflection of population growth, but changes in journey time and other aspects also need to be calculated.

In order to understand the impact of the visitor economy on transport demand – something fairly poorly represented within much modelling we suggest:

- Maximising use of data from ONS in association with local data
- Estimating future growth rates
- Applying as a demand overlay to transport matrices, having ensured elimination of double counting.

Purpose

This paper outlines the function of the visitor economy, its importance to the North of England, and how to consider including the demand from this sector within transport modelling.

The Northern Powerhouse Independent Economic Review (NPIER) portrayed the current strengths of the North of England and its growth potential through identifying four 'Prime' capabilities and three 'enabling' capabilities. Part of this work does not contradict any of that work, but reinforces its messages of growth potential through a specific focus on the visitor economy – one of the cross-cutting sectors not analysed in detail in NPIER.

The findings from NPIER are being used to provide modelling of future transport demand across the North of England; given that the visitor economy is both a substantial provider of demand on the transport network and an economic sector whose growth is enabled by the transport network, it is important that this is modelled to the best ability available, in order to present the best case for future transport investments.

This paper provides both information around the current size of the visitor economy at a pan-North and local level, and goes on to suggest a possible approach as to how this might be measured and included within the modelling. There are no 'quick fixes' here – whilst it is undoubtedly an important sector to measure, the range of data and need to ensure double-counting of benefits is avoided means all aspects of the modelling need to be treated with extreme care.

Note that the suggestions herein enclosed represent the starting point of a discussion, the exact techniques to be refined as appropriate.

Background and definitions

Importance of the Visitor Economy to the North of England

The NPIER identifies the following as the capabilities that will provide for a transformed Northern Economy.

"Prime" Capabilities

- Advanced Manufacturing
- Health innovation
- Energy
- Digital

"Enabling" capabilities

- Financial and Professional Services
- Logistics
- Education

The NPIER also identifies that the North has a unique 'quality of life', which includes the visitor economy. This does not represent a full understanding of this specific sector, which has a strong relationship with transport. We can note that the visitor economy does not have as high a GVA value per capita as the above capabilities, nor does it – at pan-north level – have such employment levels. Yet the sector does provide a great deal of importance to the North (of more importance in some areas than others, where it can represent up to 15% of the local economy, and as a sizeable volume in

others), and given its correlation with transport is worthy of deeper exploration to assist with TfN's work in planning for the transport network that will transform the North of England.

The importance of the Visitor Economy can be summarised as follows:

- Impact on the local economy – the direct and indirect impact of tourism expenditure on suppliers and employment in the area.
- Public realm – the works to make a destination attractive and offer services for visitors also has a positive impact for residents.
- Supporting domestic and international linkages – levels of visitors enable additional transport linkages (such as flights to new destinations and additional rail services), thus also providing a facility for local business and residents.
- Inward investment – the visitor economy both raises the profile of a location for inward investment, especially for international inward investment, and through the improved public realm and linkages described above also makes the area a more attractive location for inward investment.

Defining the visitor economy

Long gone are the days when we might have referred to the 'tourism' sector, which often (inaccurately) was viewed as comprising the traditional two-week summer holiday and the low value 'bucket and spade' day trip market. Today when we consider the visitor economy, it is as a cross-cutting sector in its entirety; the goods and services consumed by those who are 'visitors' to a destination. Note the word, 'visitor'; most tourism modelling takes the stringent view that a 'visitor' is someone making a non-regular trip to somewhere outside of their usual environment for a leisure or business purpose. Or, to follow the exact wording as laid down by the UN World Tourism Organisation:

*"Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited."*¹

Hence, someone who commutes to work, who makes a regular shopping trip to a particular location or even travels from further afield as a season ticket holder of a particular football club would not be considered a visitor; they are travelling within their 'usual environment'. This is an important point from an economic perspective; the expenditure they make on these trips may be useful income for the goods and service providers at the point of consumption, but it cannot be considered additional; it would be expected to take place as a matter of course.

¹ <https://stats.oecd.org/glossary/detail.asp?ID=2725>

In order to better understand the sector (which will become important when we come to look at modelling its relationship with transport later) a definition by Visitor Type and by Visit Purpose follows.

Visitor Type

- Overseas staying visitors
These are the easiest group to define, comprising all overseas visitors to the UK; sometimes referred to as 'inbound'. (Visitors from the Isle of Man and Channel Isles may fall into either this or the domestic visitor group below). Note, all expenditure made by this group is net additional to the UK economy.
- Domestic staying visitors
Domestic staying visitors comprise all UK residents (although in order to obey stipulations around 'usual environment' it would exclude those who happen to be making a staying trip in the same local authority as their residence, regardless of the size of that area, those working on a semi-regular basis away from home, etc.). This segment can include those who are 'outbound' visitors (UK residents taking an overseas trip) who happen to be staying overnight before/after joining a flight / cruise / ferry / etc.
- Day Visitors from home
This is the group where most care is needed to ensure the definition of 'usual environment' is obeyed. Most tourism models (such as STEAM, see later) take care when calculating volumes to enshrine this. A limitation usually applied is also that a day trip must involve a visit of at least 4 hours' duration.
- Day visits from a holiday base
A group that was often overlooked in earlier research; this covers visitors (often staying for a few days) who make a long trip from their holiday base. The concern for the North's perspective here is to ensure inclusion (for example) of those holidaying in North Wales who make a day visit to Liverpool, those holidaying in Derbyshire who visit Manchester, etc. This group can comprise both domestic and overseas visitors.

Visitor Purpose

- Holiday / Short break
Covers all those visiting for solely pure leisure, such as a holiday or short break. Note: the one annual fortnight holiday is less of a feature amongst both overseas and domestic markets, with an increasing number of short breaks being taken.
- Business
Covers all non-regular business trips – but with a particular emphasis on the conference market, which tends to form a particularly high value section of the visitor economy in key destinations.

- Visiting friends and relatives (VFR)
Covers all infrequent visits to friends and family, with specific focus on those who are staying a number of nights as part of the trip.
- Events
Encompasses trips where the main purpose is to attend a cultural or sporting event, either as a participant or a spectator. (Bearing in mind the 'usual environment' stipulation, this would exclude season ticket holders attending home matches in any sport). Examples in the North might include those visiting Newcastle to take part in the Great North Run, or those visiting Liverpool to watch The Giants.
- Education
Does not cover long-term courses (greater than 31 days, where the person would be considered a resident) but does include short courses, exchange visits, field trips, etc.
- Day trip
See earlier for the day visitor definition – often expected to revolve around a visit to a specific attraction, a non-standard shopping trip, outdoor activities, etc.
- Other
There will also always be an 'other' category to cover the wide range of trips not included in the above – such as researching family history (maybe through the emigration records at Liverpool's Maritime Museum), attending a religious retreat, personal business, etc.

Within our analysis, given the quality of data we suggest a specific focus on selected groups of these visitors, rather than trying to cover all categories (using averages to infill any missing data).

	Overseas staying	Domestic staying	Day visits from home	Day visits from holiday base
Holiday / short break	✓	✓		
Business	✓	✓		
VFR	✓	✓		
Events				
Education				
Day Trip			✓	✓
Other				

Measuring the sector's contribution to the economy

As with the NPIER's seven 'capabilities', so the Visitor Economy is not a sector which can easily be defined by SIC code. Work by the NWDA and The Mersey

Partnership flagged up the SIC codes in the table below as being likely to reflect the Visitor Economy.

2007 SIC Code	Description
4932	Taxi operation
5010	Sea and coastal passenger water transport
5030	Inland passenger water transport
5510	Hotels and similar accommodation
5520	Holiday and other short stay accommodation
5530	Camping grounds, recreational vehicle parks and trailer parks
5590	Other accommodation
5610	Restaurants and mobile food service activities
5621	Event catering activities
5629	Other food service activities
5630	Beverage serving activities
7711	Renting and leasing of cars and light motor vehicles
7721	Renting and leasing of recreational and sports goods
7912	Tour operator activities
7990	Other reservation service and related activities
8230	Convention and trade show organizers
9001	Performing arts
9002	Support activities to performing arts
9003	Artistic creation
9004	Operation of arts facilities
9102	Museum activities
9103	Operation of historical sites and buildings & similar visitor attractions
9104	Botanical and zoological gardens and nature reserve activities
9311	Operation of sports facilities
9321	Activities of amusement parks and theme parks
9329	Other amusement and recreation activities

However this is far from ideal, with a number of limitations. For example:

- “5610 Restaurants and mobile food service activities” is included, but the ONS data makes no differentiation between a suburban ‘local’ restaurant and those restaurants rated in Lonely Planet guides as a ‘must visit’ component of a trip to the destination; or between those mobile food vans on city streets and those provide catering at special events like the London Marathon.
- Most retail sectors are not included (besides two “Renting and leasing” categories), but clearly visitors make hefty expenditure in this and other sectors during their stay in the locality – often helping to ‘make

the case' for investment in substantial new retail development, such as Liverpool One.

- Given the focus on tourism's contribution to the UK economy, "5110 Passenger Air Transport" has explicitly been excluded; however, any modelling might like to reassess this, perhaps using the proportional split between inbound and outbound visitors at each airport to provide reasonable numbers that contribute to the domestic GVA.

All this strongly suggests that an element of modelling is likely to be required to estimate the sector's contribution from the supply side.

A further complication arises if we consider the impact of the sector to GVA from the demand side. There is the direct expenditure made by visitors to consider, but also the indirect expenditure. For example, the economic impact needs to recognise not just the amount a staying visitor spends on accommodation but the expenditure the service provider then makes on local purchase of produce, etc. Most tourism models include this in their calculations, and recognise that expenditure in different sectors creates varying levels of indirect expenditure.

Given the lack of a national tourism model compliant with standards applied by STEAM, this suggests it will be important to utilise local data (see section 4.3) in any modelling, as we would expect large structural variations in visitor spend impacts across the North of England, with the composition of spend varying significantly between those on a city break or conference and those on a rural/coastal holiday.

The Visitor Economy and Transport

There is a symbiotic relationship between the visitor economy and transport, which is perhaps stronger than that between any other sector and transport, with possibly the obvious exception of manufacturing. The visitor economy both provides demand on the transport network and the provision of the transport network enables growth of the destinations.

This is a long-standing economic function; with (for example) substantial growth of the resorts of Brighton, Tenby and Blackpool being enabled by the railways, and more recently the growth of the pan-Europe short break market seeing a boost thanks to the emergence of 'budget' airlines, resulting in an often dramatic uplift in international visitor numbers for cities such as Prague, Bordeaux and Liverpool.

Usefully, much of the demand from the 'tourism' sector of the travel market can arise 'off peak' (although to some extent it also creates a peak of its own, thinking in terms of Summer Saturday congestion on the M5 and on trains to coastal resorts, and the demands placed on the network in the wake of major events). Looking to the future, work is ongoing by VisitBritain and regional tourist bodies to encourage tourism growth as a year-round market, which will provide further use of the transport network at quieter times of the year.

There is also the fact that population is a key factor in regards to transport demand and the economy. One aspect often overlooked is that by considering resident population and workplace population, we overlook the numbers that are constantly added to destinations – albeit on a short-term basis – by visitors. As demonstrated in 5.2, this can have quite a substantial impact.

At a strategic level there are distinct points of transport ‘need’ that should be considered, to enable growth in the sector:

- **Access to and from major international gateways²**
Enabling access to and from the major ports and seaports of the North from the key cities is a key enabler; though given the presence of different overseas markets, it may well be that consideration needs to be given to how inbound visitors might reach not just the North’s airports, but how they reach the North from Gatwick, Heathrow, Dover, etc. Access to/from the ports is a smaller priority given the relative passenger volumes, but remains an aspect which should not be ignored, especially in assisting the growing cruise market. Note that CAA data³ shows that inbound overseas visitors are more likely to use public transport than outbound domestic tourists.
- **Access between core cities**
Improving access between core cities functions not just to grow the day trip market, but also encourages the higher value multi-centre trips. Specifically, it aids dispersal, so that (for example) overseas visitors to London are also encouraged to visit and stay in other cities during their trip. This is particularly important, given that London is the ‘headline’ visit location particularly for first-time visitors and those in emerging markets, and removing barriers to travel beyond is important to increase the North’s gain in this. In many cases, dispersal results in visits being longer than would otherwise be the case, thereby providing a net benefit to the UK as a whole.
- **Access to major leisure locations**
Both above factors – distributing overseas visitors and enabling dispersal – are important to growth of the North’s leisure markets beyond the cities (this may especially apply to some areas such as resorts which have seen their traditional domestic markets decline owing to increased outbound visits). Here we include not just the North’s resorts, such as Whitby, Southport, Bridlington, but also the key nodes in the national parks which are increasingly all-year points with international attractiveness; for example, Keswick and Windermere.
- **Access to localised markets**
Primarily focussed on ‘local dispersal’ – both day trip markets, and

² Some of the strategic case for this particular element is already encapsulated within the work produced by the International Connectivity Commission, http://www.transportfornorth.com/wp-content/uploads/International-Connectivity-Report_websafe.pdf.

³ See the airport surveys conducted by the CAA - <https://www.caa.co.uk/Data-and-analysis/UK-aviation-market/Consumer-research/Departing-passenger-survey/Departing-passenger-survey/>

encouraging those staying in the North to explore beyond the immediate destination during their trip – this is about improving local connectivity; to spread the benefits of the visitor economy more widely (for example to secondary centres such as Harrogate, New Brighton, Halifax).



Current composition and trends

Volume and value

In this section we explicitly focus on data from ONS / Visit Britain. Although local-based models are likely to prove more reliable in many components of analysis (see Section 4 regarding “Sources”), we use these as providing one common methodology across the North, enabling an unambiguous if potentially underestimating picture to emerge.

Overall, across the North of England there were 369.59m visitors, including 33.42m staying visitors:

- 4.54m Overseas staying visitors⁴
- 28.88m Domestic staying visitors⁵
- 336.17m Day visits⁶

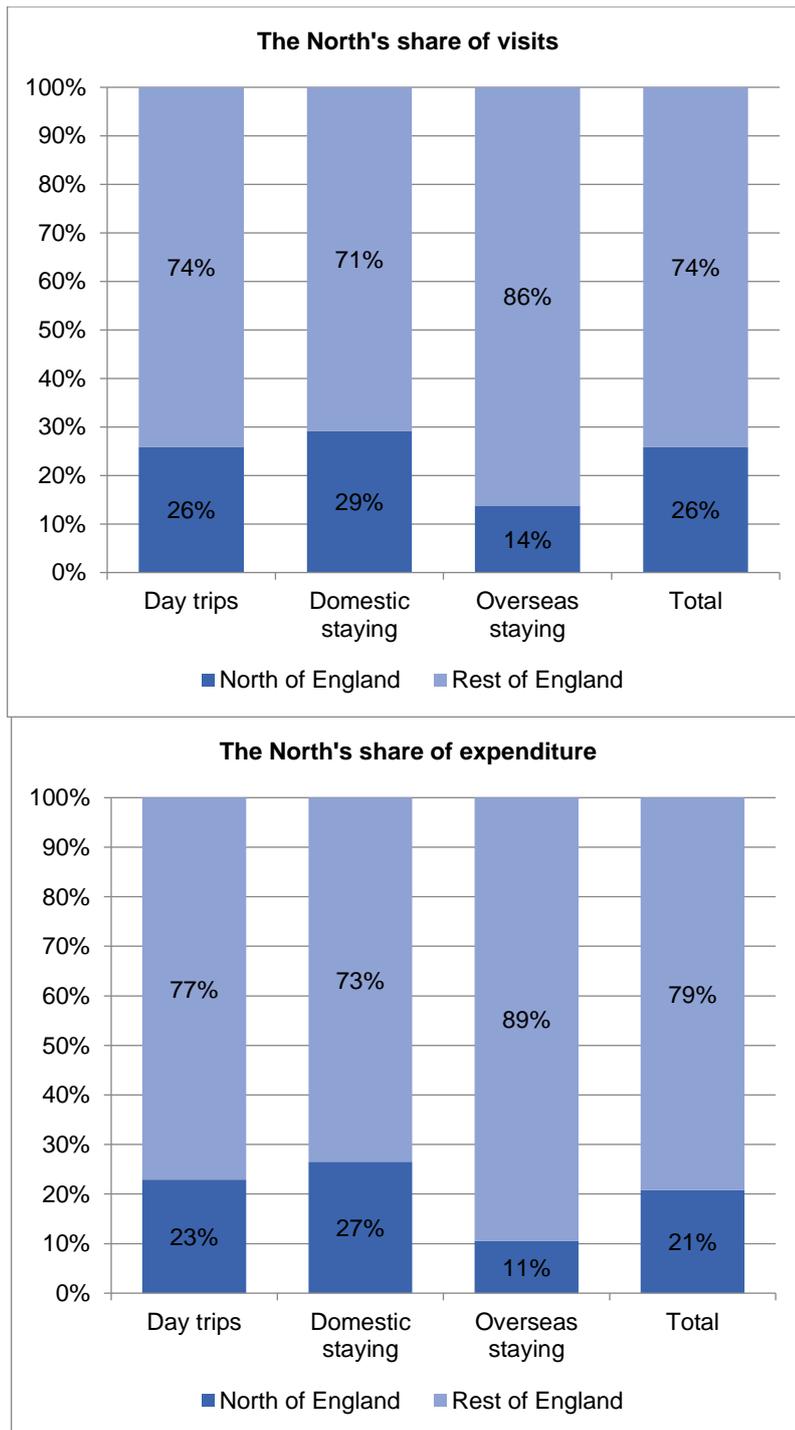
These visitors spent £17.26bn, including £7.07bn by staying visitors:

- £2.08bn Overseas staying visitors
- £4.99bn Domestic staying visitors
- £10.19bn Day visits

⁴ Source: International Passenger Survey, VisitBritain/ONS, 2015 (more recent data now available for 2016, showing a 5% increase to 476m)

⁵ Source: Great Britain Tourism Survey, Visit Britain, 2013-15

⁶ Source: Great Britain Day Visits Survey, Visit Britain, 2013-15



Comparing the performance of the North to the national picture, it currently captures 26% of all tourist visits to England and 21% of all tourism expenditure in England.

The figures are somewhat lower when we focus just on overseas visits; here the North of England sees 14% of all overseas visits made to England and 11% of all overseas visitor expenditure. Thus, whilst this provides an important economic contribution to the UK as a whole, there is the potential to increase this; especially through making the North more attractive as a destination and alongside an identified marketing gap (highlighted in the

International Connectivity Commission’s work). Improving the differing transport elements will be a building block in this.

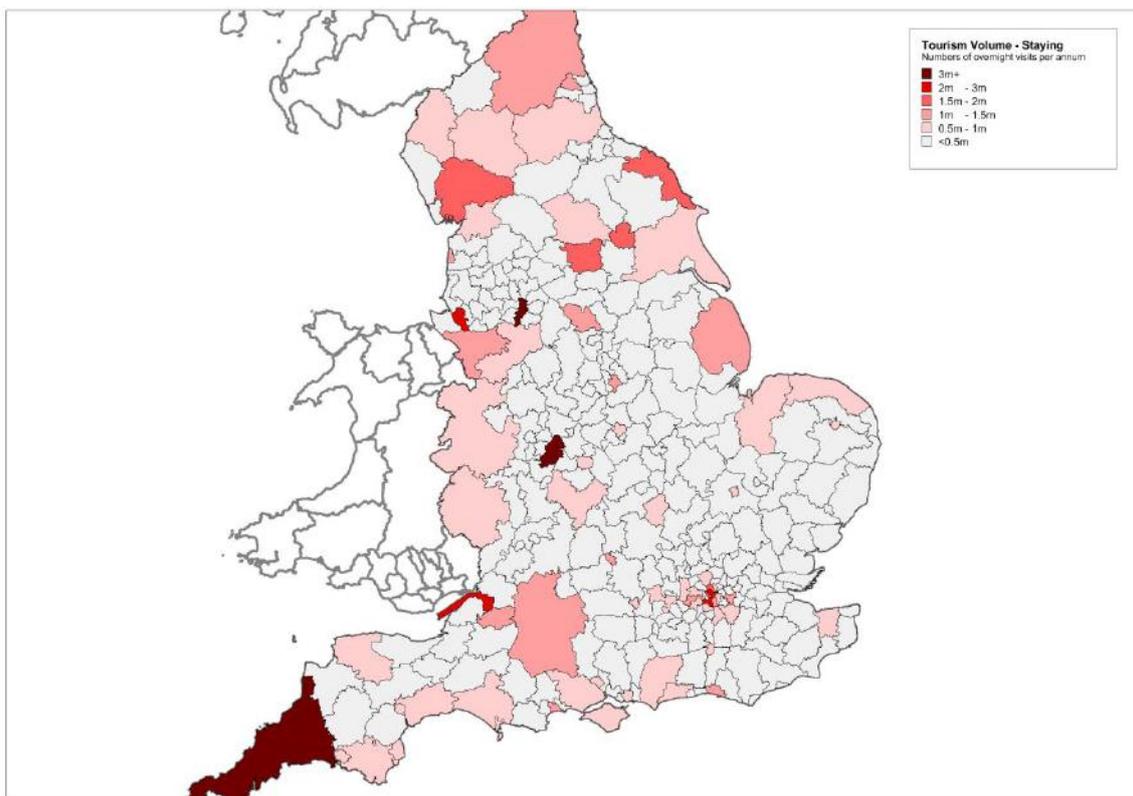
Distribution

Needless to say, as with all industry sectors, the Visitor Economy is not distributed evenly across the North of England, and the product is wide ranging. This is to the benefit of promoting the North as a destination, but it does mean that when performing any modelling we need to be careful to avoid as much as possible utilising pan-Northern coefficients and maximise use of local intelligence.

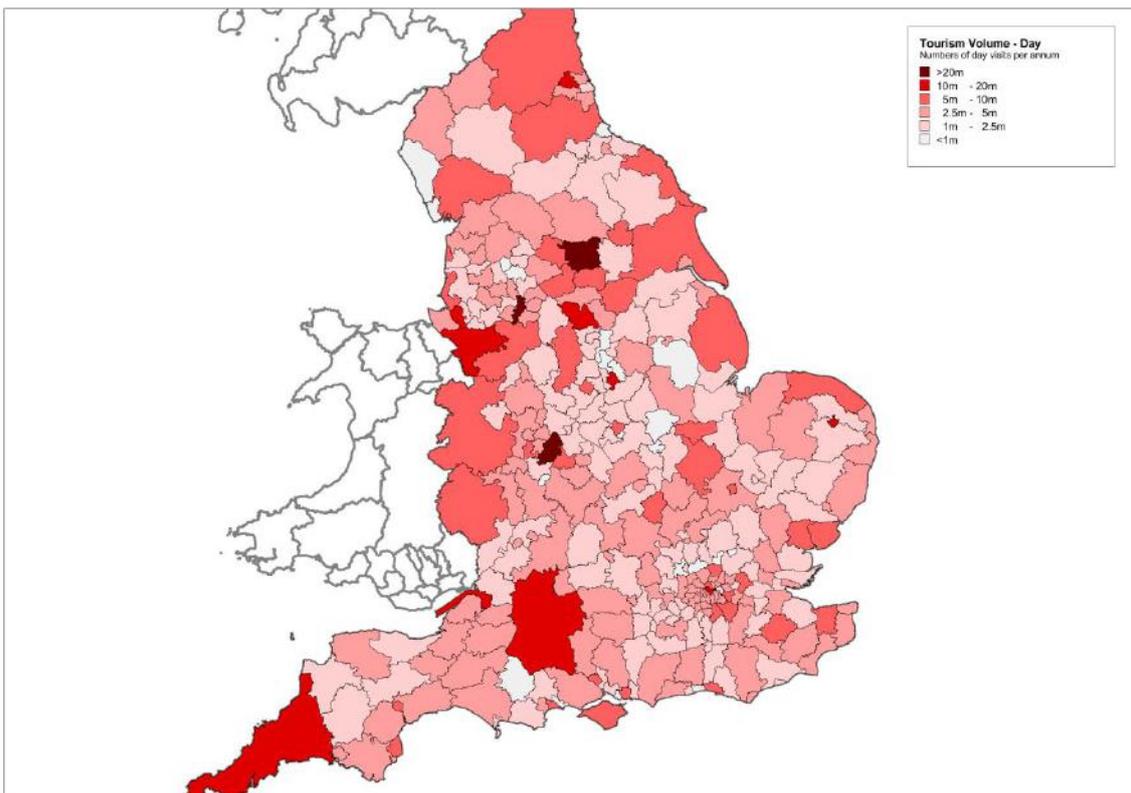
The table below highlights from the demand side those key towns and cities that are the top ‘draws’ in the North. It is immediately obvious that the North is a long way behind London in all three of these categories, but the differing range of locations the North sees in different markets are still very prominent in the volume they generate.

Overseas staying	Domestic staying	Day trips
<p>Towns and cities in the North of England made up 5 of the 20 most visited destinations in the UK by overseas visitors:</p> <ul style="list-style-type: none"> Manchester (1.19m) Liverpool (0.67m) Leeds (0.33m) Newcastle (0.30m) York (0.27m) <p>(For comparison, London saw 19.06m visits)</p>	<p>Towns and cities in the North of England made up 9 of the 20 most visited destinations in England by domestic visitors:</p> <ul style="list-style-type: none"> Manchester (2.55m) Scarborough (1.67m) Leeds (1.55m) Liverpool (1.41m) Blackpool (1.34m) York (1.24m) Newcastle (1.16m) Sheffield (0.89m) Harrogate (0.71m) <p>(For comparison, London saw 12.2m visits)</p>	<p>Local authorities in the North of England made up 9 of the 20 most visited areas in England by day visitors:</p> <ul style="list-style-type: none"> Manchester (30.12m) Leeds (21.71m) Liverpool (13.24m) Sheffield (11.43m) Cheshire West (11.34m) Newcastle (10.38m) Northumberland (9.95m) Co Durham (9.84m) Kirklees (9.72m) <p>(For comparison, London, Westminster & Camden saw 73.62m visits)</p>

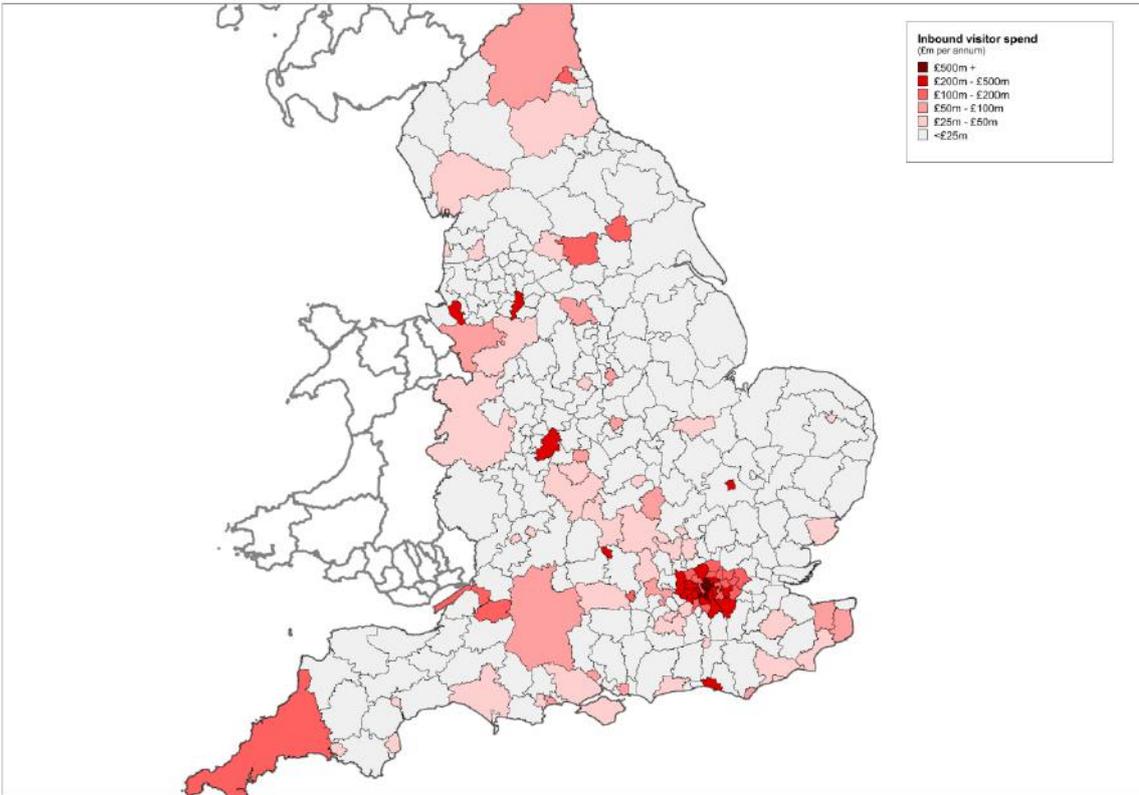
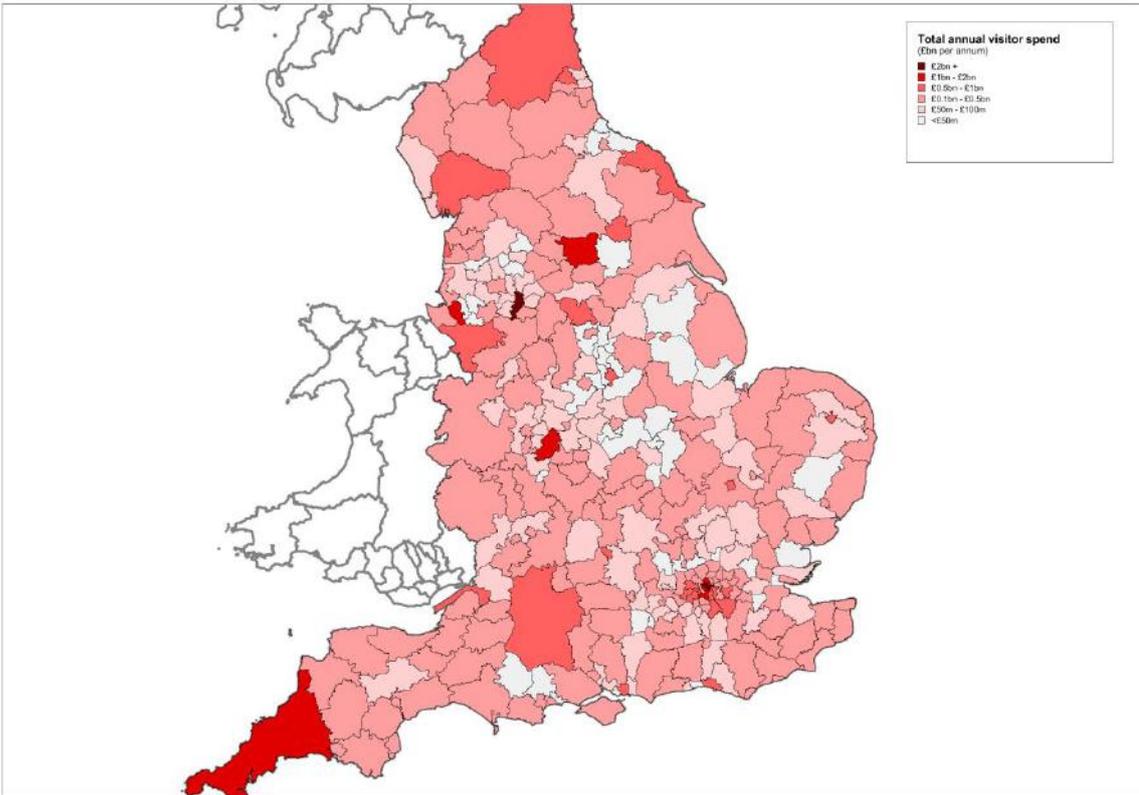
Note that viewing by town/city area can miss out on particular ‘hotspots’ – for example, the numbers visiting the Lake District.



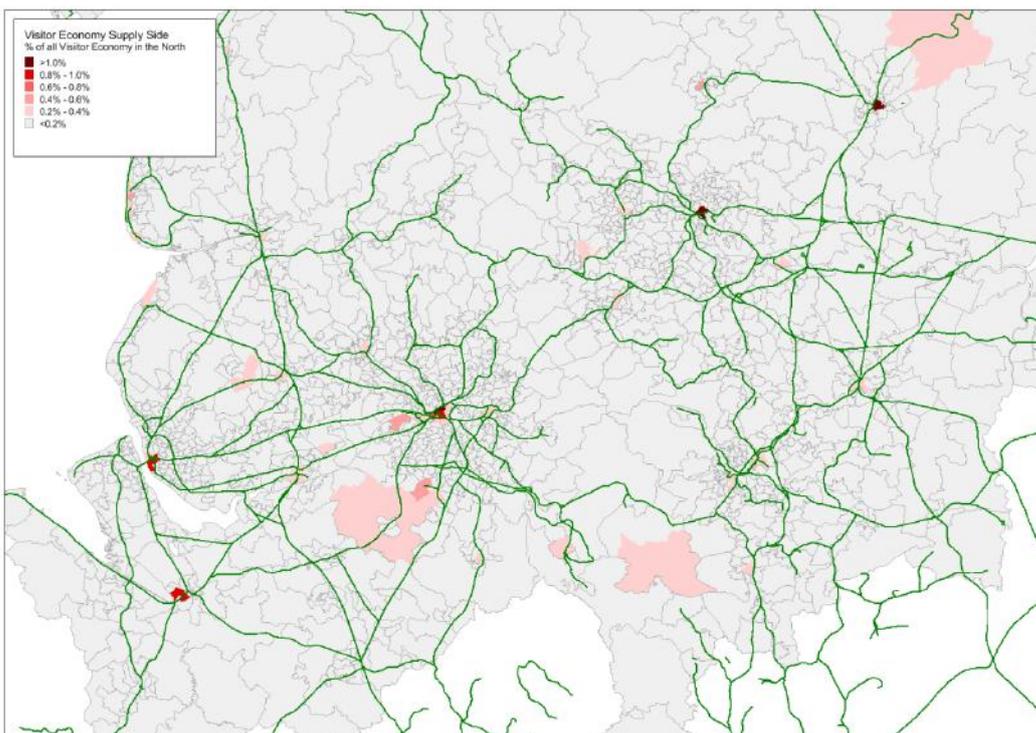
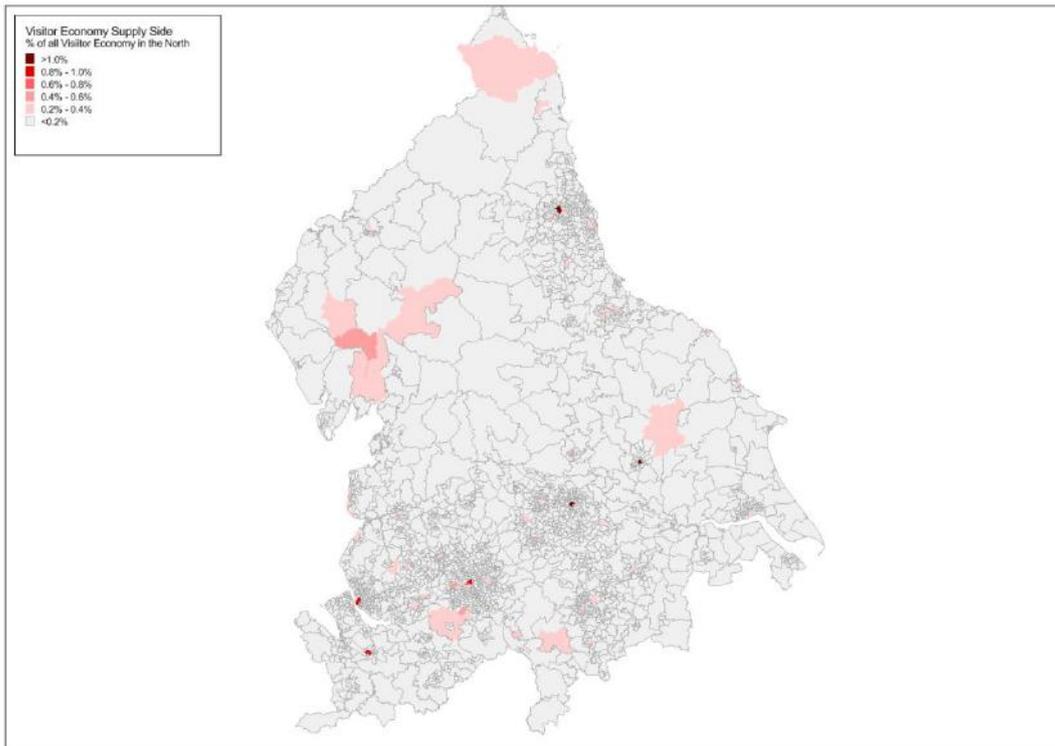
Viewing the distribution of the staying visitor market across England (above), some of the key cities are visible in their strength in the market, along with certain national parks. It should be remembered that this is the current position, even without the measures indicated to help the sector grow. The day visitor market (below) is less concentrated, but helps to emphasise the importance of dispersal.



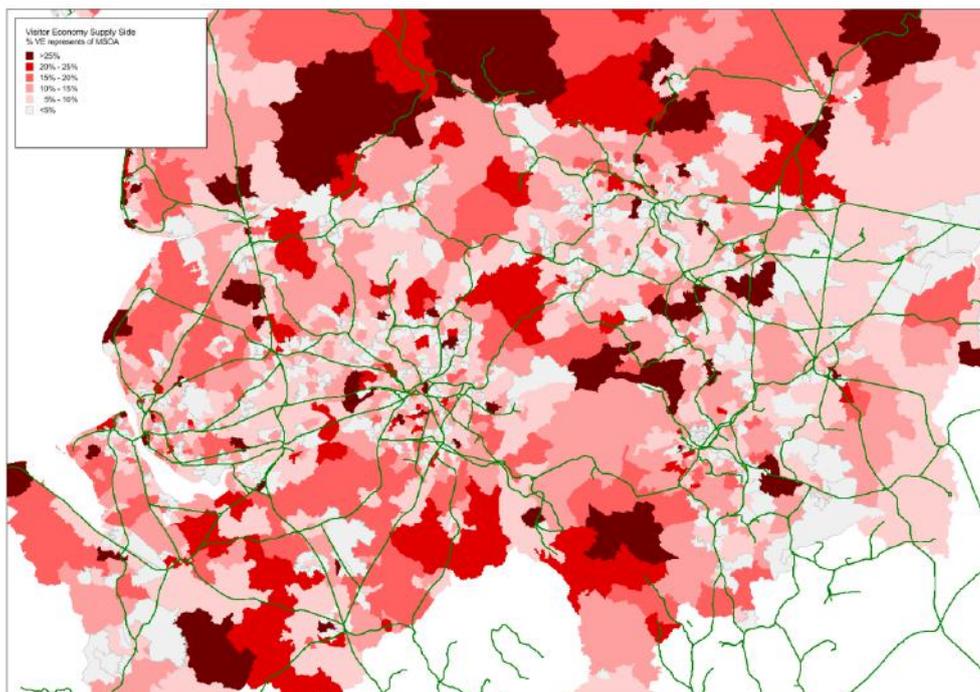
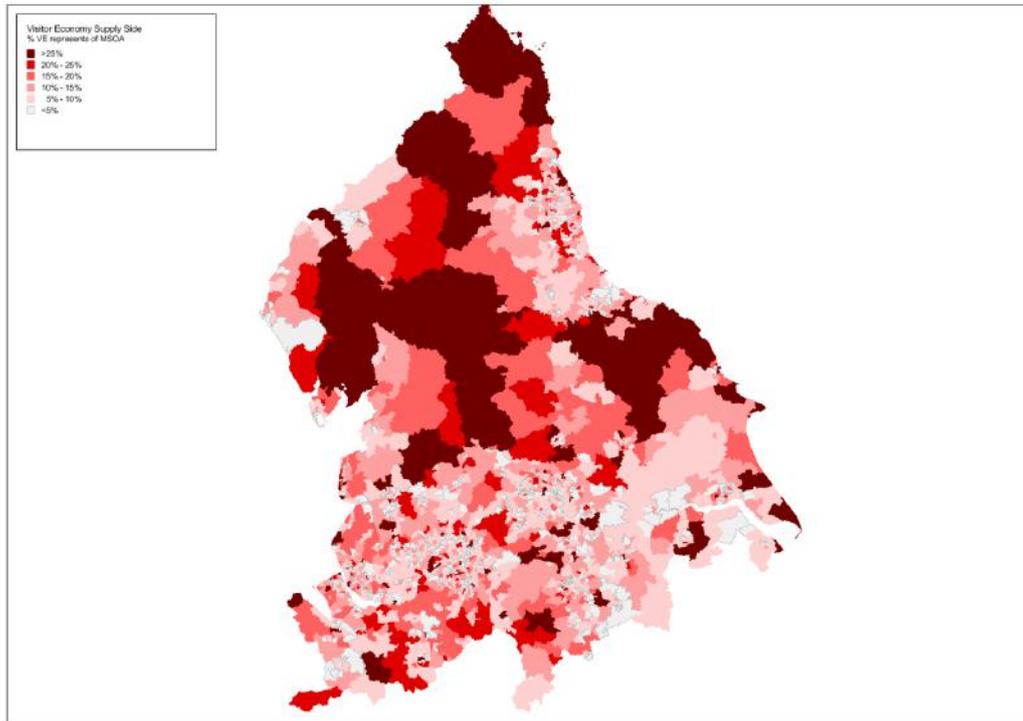
For an economic perspective the important element is to understand what this means in terms of spend. Two maps show this; the first the estimates of spend by all visitors, the second just the estimates of international visitor spend. The latter is assumed as being wholly additional to the UK economy, whereas some work could be required to estimate how much was abstracted from other activities in the former. Both clearly help visualise the growth potential with transport and international connectivity improvements, as well as showing where the North has strengths to build on.



An alternative approach is to view the distribution of the visitor economy from the perspective of supply side data. For this we use BRES employment data according to the SICs referenced in section 2.3 (hence limitations, especially in terms of under-representation of retail, must be remembered). Firstly, this is shown as a percentage of all employment in this sector across the North of England. This shows the concentration of the Visitor Economy in the core cities of Liverpool, Manchester, Leeds, Newcastle (also in Chester and York) together with more dispersed supply in some national park areas.



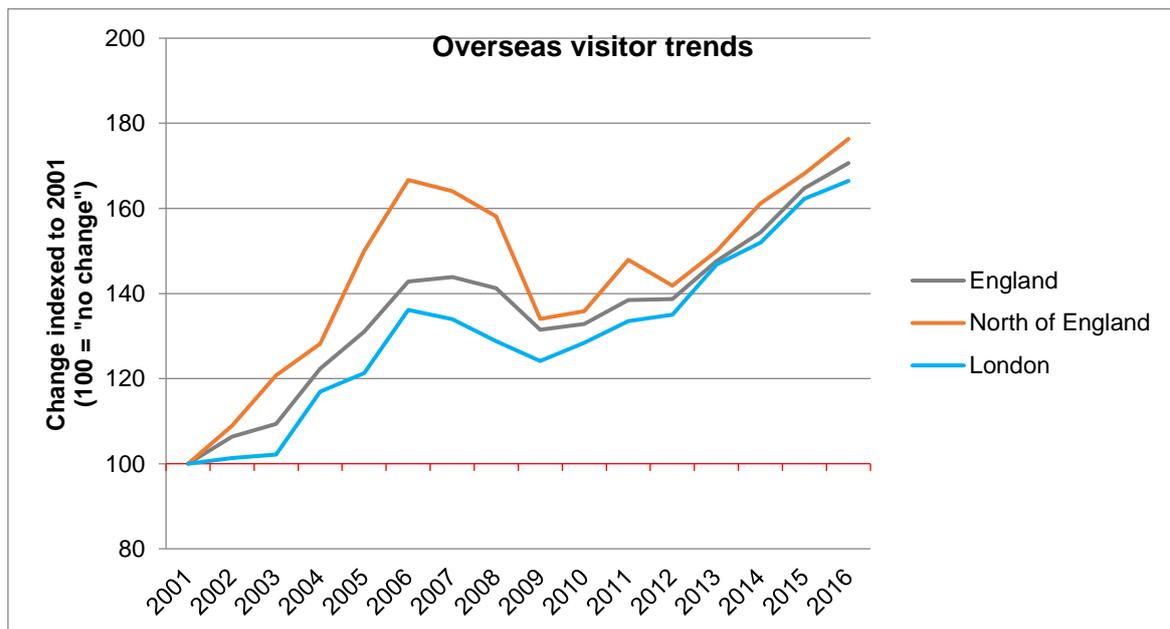
Equally, it is important to view the Visitor Economy by seeing how important it is to each local area of the North, and these maps express the sector as a percentage of employment within each MSOA. As might perhaps be expected, those areas covered by national parks emerge strongly, with over 25% of employment coming from the Visitor Economy sector. However, at another level we can see in many urban areas this also holds true, with the Fylde Coast, New Brighton, Liverpool City Centre, parts of Tyneside and Harrogate all emerging strongly.



Long term trends

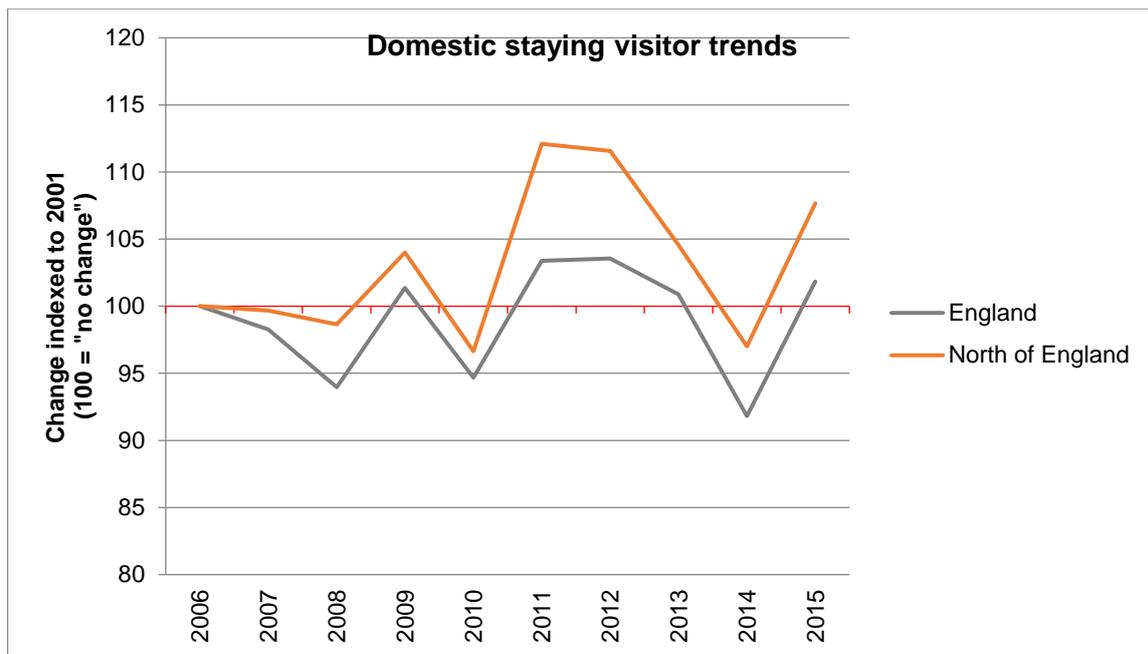
Again returning to the Visit Britain data, we can look at trends from the last few years to gauge potential futures. It is worth bearing in mind that there have been some substantial changes in the wider macroeconomic context, including the recession and austerity measures, although more recent impacts such as Brexit and the lower value of the pound have yet to filter through. The data shown below is based on indexed growth, so that the experience of the North of England's visitor economy can be compared against data for England as a whole.

Firstly, looking at overseas staying visitors:



When it comes to considering net impacts on the UK economy, inbound visitors are important, and this shows that – despite the undisputed impact of the recession – this is a sector where growth has remained on a firm upward trajectory, both at a national level and within the North (although obviously, different areas of the north will have seen different growth rates. We would note that in terms of the visitor economy the North of England is already outperforming London – and given the potential alluded to, this may well give the North the opportunity to play to its strengths.

Looking at domestic staying trips, the data currently covers a shorter time span, although work is underway both to refine this and to improve the duration covered.



Note that there are more complex factors at work within the domestic staying visitor market, and some key factors are identified below:

- The onset of recession saw a long-term decline in domestic staying visits arrested (and even reversed for many destinations). Visit Britain research coined the phrase 'staycation', to represent the lower spending power, employment uncertainty and higher costs for overseas travel resulting in increased domestic holidays.
- There is a correlation between macro weather conditions and levels of domestic staying visitors (though less marked for city break trips compared to rural/coastal demand levels).
- When combining the level of domestic trips with visits made abroad, the total numbers of trips made by UK residents has risen. Part of this trend is that fewer 2-week holidays are taken, with instead an increased level of short breaks.

Note, the day visits survey has only been running since 2011. To conduct trend analysis would require use of this data combined with other longer-run series, such as the Visitor Attractions monitor, or preferably, local data.

Evidence sources

National statistics

The main data sources available come from Visit Britain and ONS (note, some overlap between the two organisations). Selected key sources and their suggested use is shown below.

- **International Passenger Survey⁷ (IPS).**
The IPS consists of a series of interviews conducted at key UK ports, airports and the Channel Tunnel/Eurostar. Data gathered is used both for the purposes of measuring inbound/outbound tourism and to assist with migration data.
Data is available for regions, counties, and also for a list of the top 20 towns for inbound tourism; typically, data is reported in terms of trips, expenditure and nights stayed. Datasets are available for download so that region and county data can be examined in terms of source markets (i.e. country of origin), purpose of trip, and main mode of transport used to reach the UK.
- **Great Britain Tourism Survey⁸ (GBTS).**
The GBTS is now conducted face to face and via telephone fieldwork; reliability is considered less than the IPS, and below national level the use of 3-year averages is recommended. GBTS replaced the previous longer-running UKTS, and changes in methodology mean time series analysis across the datasets is not recommended without specialist knowledge.
Data is available through the online data browser for a number of metrics including trip purpose; as with the IPS, data is reported in terms of trips, expenditure and nights stayed.
- **Great Britain Day Visits Survey⁹ (GBDVS).**
This is a more recent survey (begun in 2011) and is largely conducted via an online survey. Data reliability comes with increased warnings especially at finer levels of granularity, with 3-year averages again recommended. There is a specific focus on covering 3-hour+ day trips, and data is available through the online data browser covering number of trips and spend.
- **Business Register and Employment Survey (BRES).**
Use of the BRES is one possible option for gaining a measure of supply side data; BRES presents the number of employees/employment by industry, which can be segmented down by 4-digit SIC code, hence a composite picture of the visitor economy can be developed using a code frame such as that shown in Section 2.3.
Data can also be interrogated down to LSOA area, although as a

⁷ <https://www.visitbritain.org/nation-region-county-data>

⁸ <https://www.visitbritain.org/archive-great-britain-tourism-survey-overnight-data>

⁹ <https://www.visitbritain.org/gb-day-visits-survey-archive>

cautionary note the rounding of data (the only data provided unless using an ONS secure location), can mean an error risk for small areas. It may be desirable to view this data output in combination with industry intelligence databases, such as MINT.

Sub-regional evidence

What emerges is the importance of local intelligence in understanding the sector and its relevance to transport; and the quality of sub-regional data is likely to be greater than the somewhat agglomerated data available from VisitBritain.

It is recommended that any modelling should access the available subregional data. Although different methodologies mean it is unlikely data in one subregion will be comparable to its neighbour, trend analysis for each area and per capita spending figures carry high levels of usefulness. The one exception to this is the STEAM (Scarborough Tourism Economic Impact Model), which is employed by many tourist bodies across the UK. STEAM has a set methodology, relying on

- Base level research¹⁰ to establish initial volumes and periodically recalibrate
- Supply side data inputs each year and
- Demand side inputs each year

STEAM produces estimates of trips by purpose and type of visit, direct and indirect expenditure, and direct and indirect employment. Specifically in regards to the latter, it looks at which sectors visitor expenditure is made to better represent the number of jobs the sector supports (i.e., jobs in the retail sector that are supported by tourism spend).

Other evidence quantifying the importance of the visitor economy

Please note: the following should not be considered an exhaustive list, but as a starting point for reading.

ONS and Tourism

ONS produced a report "The regional Value of Tourism"¹¹ in 2016, examining the GVA of the sector; this uses some of the methods and data sources previously indicated, although arguably undervalues the sector. This is primarily owing to weaknesses in the source data – as acknowledged within the document.

¹⁰ For example, the NWDA conducted extensive research across 2007-2010 to re-establish baseline levels for STEAM, including specific work to ensure that day visitor markets were being accurately portrayed at local level.

¹¹ <https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/theregionalvalueoftourismintheuk/2013>

Also during 2016 ONS produced a report¹² examining the employment effects and characteristics of the sector.

Independent report: the Value of Tourism

There have been a number of independent reports highlighting the value of the sector, perhaps one of the most important being that produced by Deloitte in 2008: "The economic contribution of the visitor economy"^{13,14}, this being updated in 2013 focussing on the importance of the sector for growing jobs¹⁵, which estimated that the total contribution of the Tourism economy to UK GDP was over 11% and that for each additional visitor spend of £54,000 an extra job in the sector was created.

The work examined the potential for growth in visitor numbers under a range of scenarios – to some extent reflective of the approach taken by Network Rail in its growth scenarios – and suggested that in a worst case between 2012 and 2030 scenario international inbound visits would grow by 50%, whilst in a best case scenario visits would grow by 94%. For the North of England, as mentioned in section 2.4, a key concern would be how to attract airlines from growth markets to the regional airports, and also how to ensure better dispersal from these gateways and the likes of Heathrow/London which will continue to be a key conduit.

WebTAG

One difficulty in including tourism in transport appraisal lies in its weak representation within the DfT's WebTAG guidance. There is mention within unit 2.2 "Regeneration impacts"¹⁶ regarding tourism. As an overview to this unit, it mentions:

"The purpose of assessment of regeneration impacts is to demonstrate how a proposed transport scheme will impact on the economy in regeneration areas. The assessment is expected to consider the processes that link transport to economic activity, and explain how the proposed scheme can be expected to affect employment in the regeneration area."

One of the specific factors mentioned lies in improved accessibility, thereby leading to impacts on visitor volumes. Although the unit is focussed primarily on "Regeneration areas", if we consider the North of England as a whole being the area targeted for regeneration, this makes this unit more relevant. Unit 2.2 mentions that increased economic activity and jobs may arise from:

- Increasing the number of visitors within the existing catchment, and
- Generating new visitors from an expanded catchment.

¹²

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/tourismemploymentsummaries/characteristicsoftourismindustries2014>

¹³ <https://www.oxfordeconomics.com/publication/download/239339>

¹⁴ [https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Economic case for the Visitor Economy-Phase 2-26 July 2010-FINAL.pdf](https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Economic%20case%20for%20the%20Visitor%20Economy-Phase%202-26%20July%202010-FINAL.pdf)

¹⁵ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Final_proof_15_Nov.pdf

¹⁶ <https://www.gov.uk/government/publications/webtag-tag-unit-a2-2-regeneration-impacts>

- Visitors length of stay may change
- Time available to engage in activities at the destination may change

This very much brings in the concept of 'dispersal', although there will also need to be consideration of some of the softer impacts considered earlier. We note that in the case of the Liverpool City Region, upon the upgrade of the West Coast Main Line (with associated reduced journey times) although a 'day trip market' from London became evident, at the same time the numbers of staying visitors also increased. This demonstrated that there can be a net positive impact to substantially reduced journey times, rather than visitors just 'trading down' to day trips.

We note that the unit mentions STEAM as one of the suggested data sources.

Modelling

Modelling the visitor economy

We have shown that the Visitor Economy is undoubtedly a sector of some importance to the North of England – with potential to grow further – and that whilst there are a number of data sources available, obtaining one clear pan-North picture of the impacts is limited. The data from VisitBritain presents an overview but with the potential for underestimates and unreliability at the lowest spatial levels (often more the case away from the major cities).

The first stage required is to model with increased clarity the volume, value and employment in the visitor economy, and the following steps will enable this:

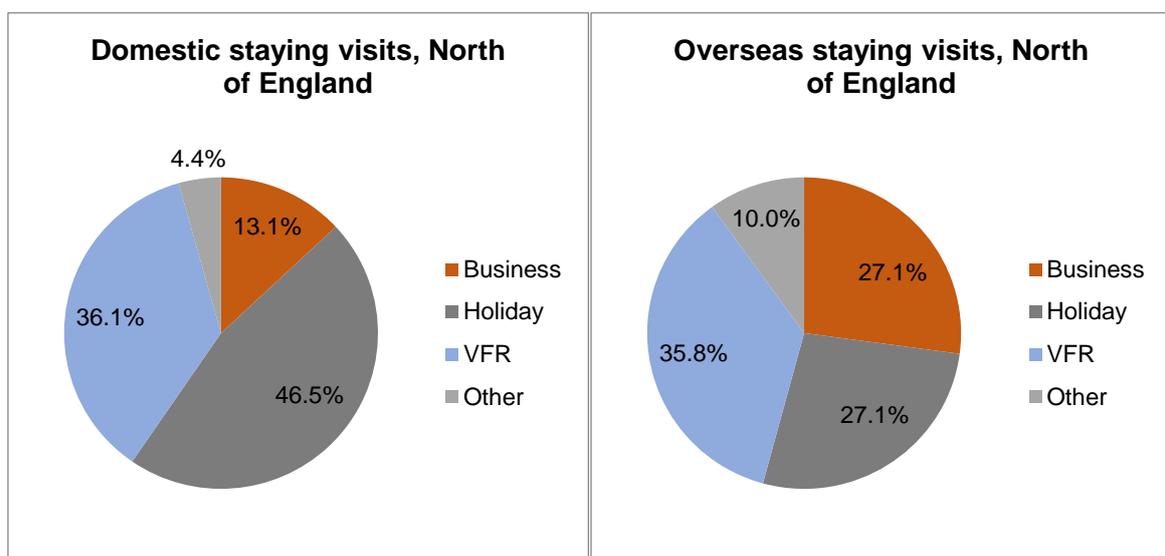
- Download all data from the IPS / GBTS / GBDVS; the overall total from each of these acts as an initial baseline.
- Obtain destination data from local tourist bodies; specifically focussed on STEAM data (or the Cambridge model).
- Where confidence levels in the local data exceed that in the VisitBritain statistics, this is used to amend the initial baseline totals for that region of the North, with all data recalibrated down to local authority level (using STEAM proportions where, for example, the IPS only details to County level). This process will require a number of checks, and a few different runs may be required before all data is balanced. Use of any other local surveys (see 5.3) may also help inform this process.
- The agglomerated and weighted STEAM data should then be used to provide estimates of GVA and employment supported by the visitor economy across the North. (This will be needed to demonstrate from a visitor economy perspective what impacts on employment and GVA increased visitor numbers from transport links will have.)

Overlaps with the IER / transport demand work

Much has already been done to translate the economic forecasts contained within the IER into transport demand, and we would want any further

modelling to build on the strength of this and not replace it. There are thus a number of considerations and overlaps which need to be taken into account (and which may vary depending upon the exact structure of the model used in the transport demand work).

- Firstly business travel; this accounts for 13% of domestic staying visits and 27% of overseas staying visits in the North of England. However, where business travel is included amongst tourism day visit data (it is explicitly excluded from such data in the GBDVS but may be included within that of some sub-regional models) work should be done to remove this. This is because the growth in such trips is already realised by work undertaken within the NPIER to reflect levels of agglomeration.



- A sense-check also needs to be made on travel matrices within the transport demand work as to whether the business travel segment just includes business-to-business day trips, or whether it also includes those of a longer stay. If such is the case this whole segment may need removing from the tourism volume analysis, although we would advise a sense-check to ensure there appears to be adequate representation of conference markets¹⁷ in particular prior to such wholesale removal.
- Secondly, defining leisure travel; we can tell from all the previous evidence the size of the visitor economy, but we need to know how much this represents of the transport demand currently reflected in the modelling. We have already addressed in part the issue of business travel above, but now need to consider that of leisure travel; as noted, only leisure trips 'not in their usual environment' can be counted as part of the visitor economy. We examine this in more detail in the following section.

¹⁷ <http://www.ukcams.org.uk/> is the main channel for data specific relating to this sector of the visitor economy.

- Thirdly, total population. Economic modelling is often constructed on the basis of the resident population. However, this can overlook the (often substantial) impact that the volume of tourists who are additional to residents can represent. How this additional population is dealt with for the purposes of transport modelling is suggested in this report 3, but it is clearly important to calculate the volume in the first place.

Care must be taken here. In population estimates, residents are present 365 days a year (in fact this should theoretically be down-weighted by the number of nights away from home, but as a principle it stands). By contrast, tourists are visiting for just a number of days a year, so cannot be added onto the resident population as a flat total; they need to be weighted by the number of days they spend in the area. Hence, an overseas visitor to York spending 5 days in the area does not represent Total Population + 1 but rather is Total population + (5/365). These figures can be calculated by ensuring not just trips but length of stay is calculated from the differing visitor economy datasets, and this has been done as an example for key Northern Cities in the table below, using Visit Britain data:

	GBTS		IPS		2015 ONS	Visitors	Increase
Core cities of the North of England	Trips (000s)	Length of Stay	Trips (000s)	Length of Stay	Population (000s)	add: (000s)	population
Kingston upon Hull	361	2.43	69	9.62	259	5.4	2.1%
Leeds	1,547	2.35	300	7.91	774	21.5	2.8%
Liverpool	1,406	2.25	601	5.79	479	23.7	4.9%
Manchester	2,551	2.05	1,152	7.52	530	48.2	9.1%
Newcastle upon Tyne	1,158	2.47	263	8.35	293	17.8	6.1%
Sheffield	892	0.41	167	9.17	570	8.1	1.4%

Note that the above has only been done for staying trips; for many purposes it may be seen as desirable to add day visitors using a similar mechanism.

Hence, even at a basic level the size of the visitor economy as a direct component of population has a larger impact than may perhaps have been thought; adding a minimum of 5% to the population of Liverpool, 6% to the population of Newcastle and 9% to the population of Manchester.

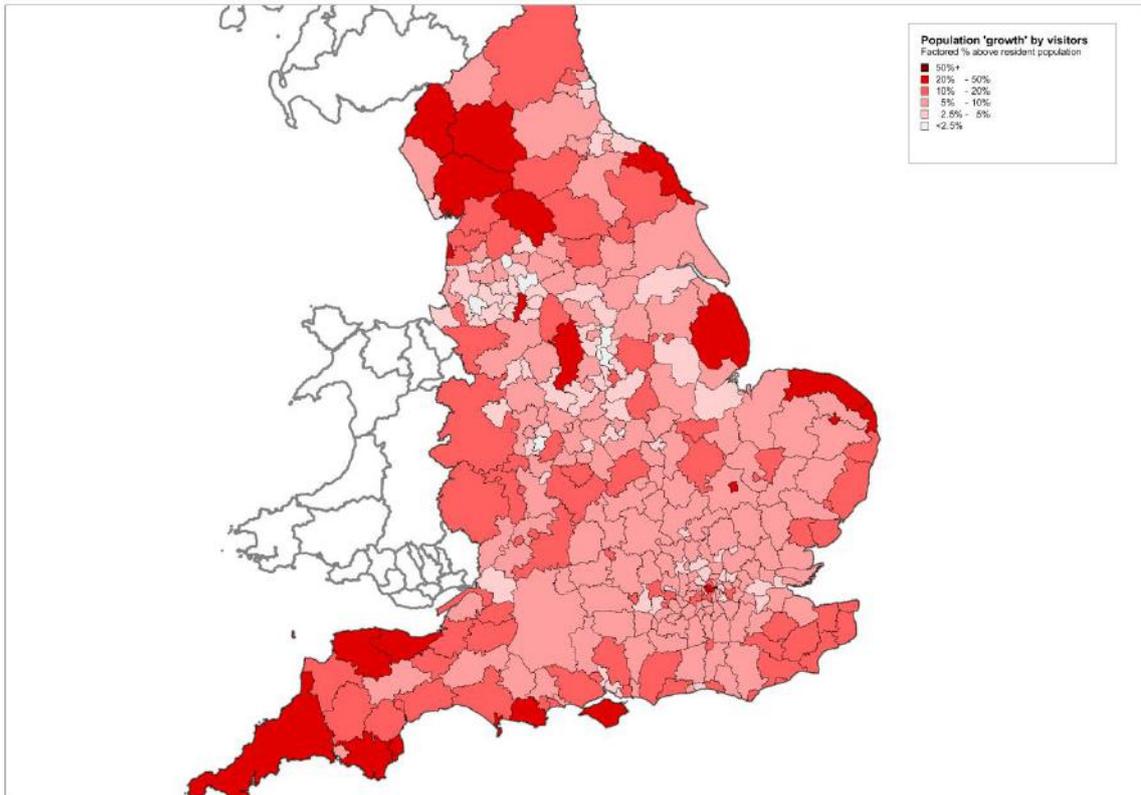
Although this is of importance to the core cities served by the NPR network, it is likely for the areas of the North beyond the large urban areas that this represents an even more important factor:

	GBTS		IPS		2015 ONS	Visitors	Increase
Selected counties	Trips (000s)	Length of Stay	Trips (000s)	Length of Stay	Population (000s)	add: (000s)	population
Cumbria	3,457	3.41	229	5.03	498	45.6	9.1%
Northumberland	1,096	3.55	85	7.74	315	15.7	5.0%
North Yorkshire	4,793	3.06	409	6.49	602	61.7	10.2%

With staying visits alone adding 10% to the population of North Yorkshire and 9% to the population of Cumbria, this emphasises the importance of taking the sector into account, and the 'added value' represented. (Although not

wishing to pre-empt any analysis, it is strongly urged that although pan-North analysis may be one measure, understanding the volume of core cities, national parks and resorts should be a useful specific focus).

The map below shows what this means on a national level when all visitors are included (i.e., both day and staying).



Modelling the visitor economy and the transport network

How the modelling is taken forward depends on how data can be used in any model and how it is desired to be used. The suggestions below act as initial indicators in this regards. Further discussion is welcome to produce a refined version that better 'fits' with the emerging TfN modelling capabilities.

Current Volume

The transport demand modelling work already theoretically includes all travel; thus, the key here is identifying the proportion visitor economy represents of this and using in part the above information to model how this sector will behave in the future.

- One source of potential is the NTS, which can be used (in its raw data format) to calculate broad journey purpose by mode across the former Government Office Regions, although sample sizes mean this may need to be treated with caution.

- The NRTS may be an option specifically to deal with rail travel, although there is a high disinclination to use this data, given the age of the survey work predates much of the visitor economy growth.
- Local surveys may provide data which can be overlaid onto volume can determine what proportion of transport use is tourism, although a) careful analysis of the different methodologies will need to be applied in order to provide a reasonable pan-North picture and b) scrutiny of confidence levels in this local data will be very important.

Going forward it is suggested that there will be weightings applied so that distribution of tourism trips differs from that for TfN; this will be for key cities, national parks, resorts, and locations containing 'prime' visitor attractions (>1m visits per annum).

Growth forecasts for Visitor Economy trips

The actual growth factors of trips are important to consider, and here we return to the primary visitor segments identified at the beginning of this paper:

	Overseas staying	Domestic staying	Day visits from home	Day visits from holiday base
Holiday / short break	✓	✓		
Business	✓	✓		
VFR	✓	✓		
Events				
Education				
Day Trip			✓	✓
Other				

When looking at what growth factors may apply to each segment, specific elements on the supply side need to be considered; these would include:

- Population at origin for all domestic trips (technically, age structure can play a part in the numbers and types of trips made) and population at destination for all "VFR" trips.
- Exchange rates of Sterling and its impact on outbound levels of tourism / inbound levels of tourism (noting that the exchange rate for inbound tourism impacts both on trip levels and spend per capita during visit).
- Disposable income levels of UK residents, impacts not just on ratio of inbound/outbound trips but also spend made on trips.
- Costs, including costs both at destination and in reaching destination (transport – including for example Air Passenger Duty, but also time as a cost).
- Investment in product available at destinations (for example, increase in overnight accommodation within different grades where currently this limits consumer choice).

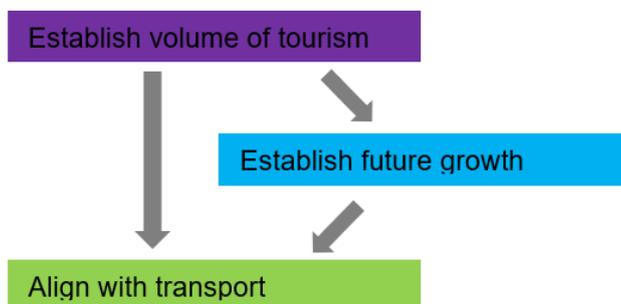
- Investment in marketing of destinations – and here it is worth noting that considerations needs to be given to the new tools available through electronic media and social media, as well as traditional marketing which is still important to break into wholly new markets.
- Perceived attractiveness of destinations (which the above can help overcome – it is worth noting that the last substantial dip observed in the UK visitor economy was related to the ‘foot and mouth’ crisis, where the perception was that the country was ‘closed’.

Note that transport investment has specific impacts on some of the above:

- Improved transport enables a reduction in travel costs. This reduction can be in terms of time or actual fares/expenses. Note that especially in terms of the day visitor market reduced travel times will increase catchment areas of destinations.
- Creation of direct linkages literally ‘puts a destination on the map’; awareness of direct transport links helps to generate demand (whilst absence of direct linkages can reduce demand in favour of competing destinations and activities).

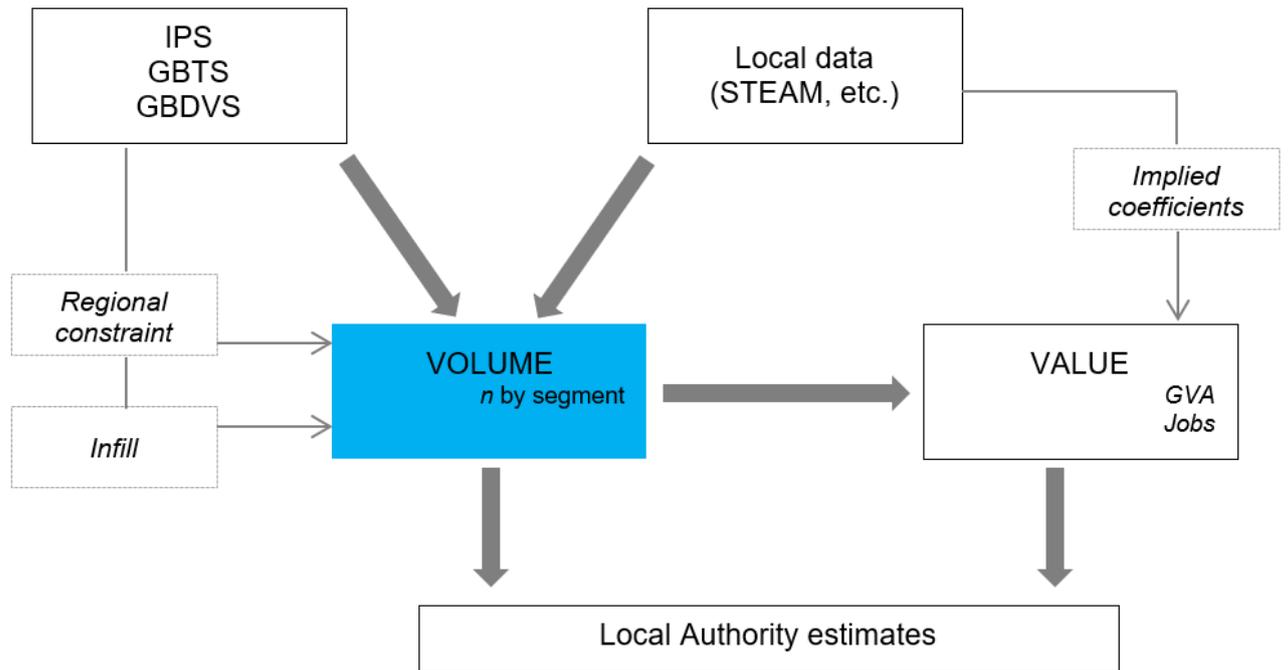
Summary of approach

We suggest a three-phase approach to the modelling of the visitor economy and the North of England, specifically in regards to its impact on transport demand:



Much of this has already been examined, but for clarity is repeated. In the processes below some aspects need exploration to ensure consistency with TfN’s modelling.

Phase 1 Establish volume levels



Phase 2 Establish levels of growth

As mentioned above, levels of growth will differ for the differing market segments. The factors below are a suggested approach but the exact coefficients to be applied will need exploration, in particular to ensure that we can provide a “transformational” as well as a “business as usual” profile.

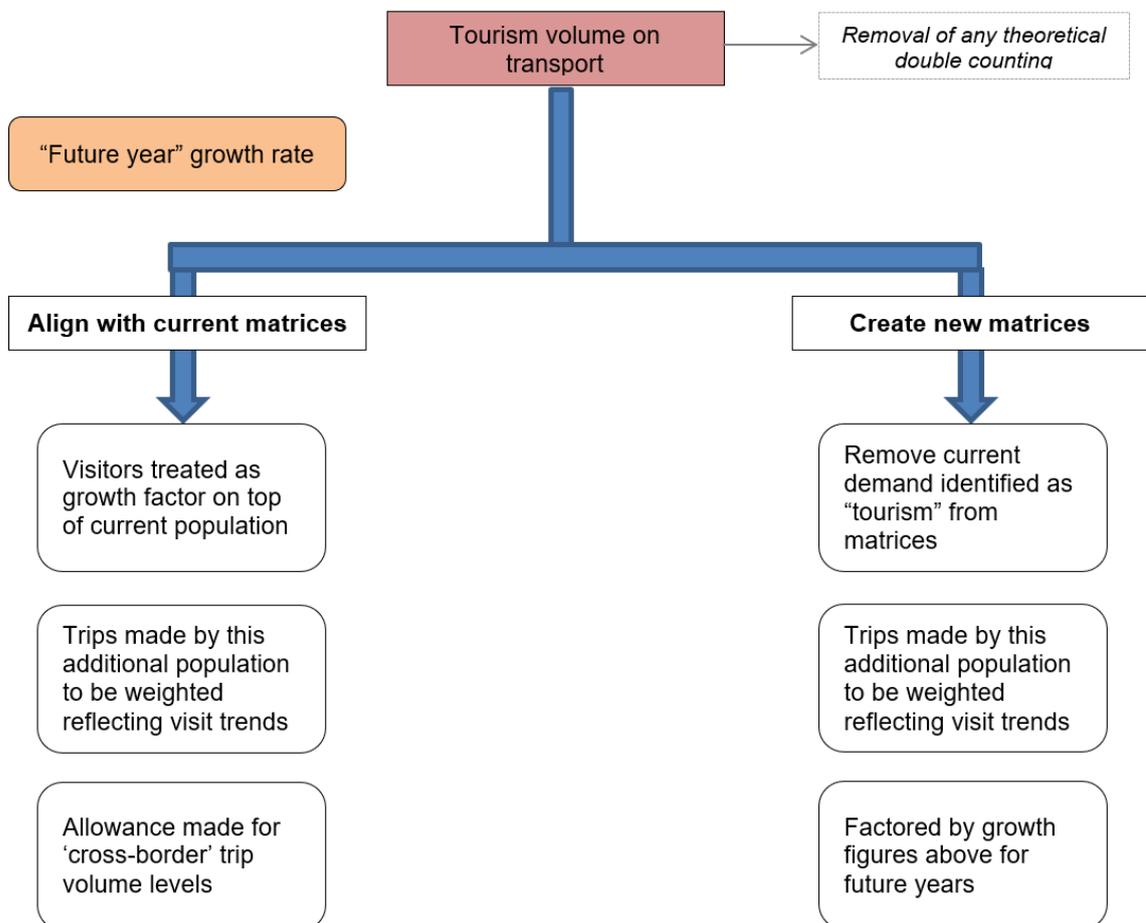
Segment	Key growth factors		
Domestic staying visitor on holiday / short break	Pop at origin	Improved GJT	Exchange rate
Overseas staying visitor on holiday / short break	Levels estimated in Deloitte report		Improved GJT
Overseas / Domestic staying visitor on VFR trip	Pop at destination		
Overseas / Domestic staying visitor on Business	Levels of B2B		
Visitor on a day trip	Pop at origin	Improved GJT	
Visitor on a day trip from a holiday base	Visiting pop Segment 1	Improved GJT	

Phase 3 Align future tourism across the North of England’s transport network

Within this phase, the modelling dovetails with the transport modelling undertaken by TFN and care needs to be taken here to maximise accuracy. There are a number of different approaches and two potentials are outlined here.

As a reminder, what we are trying to do here is:

- Ensure that from the base year we know how much transport demand is tourism-related;
- Be able to show how different future transport demand might be once the growth expected owing to tourism is factored in, on the assumption that traditional modelling does not understand this aspect;
- Use this to show any additional economic benefit arising, to help support any business cases.



Using the Outputs

The above will tell us the changing volumes of those using the transport network; it does not tell us what happens in terms of value to the economy and help us add to our BCR.

WebTAG is very weak when it comes to considering tourism's relationship with tourism; though here at least we can reference Unit 2.2 (which recommends use of the STEAM model). For all that it may be that the data calculated is initially included within the strategic case rather than the economic case, although dialogue with TASM is recommended to explore this further.

Accordingly, we need to look back at regional expenditure per capita in the different visitor types and overlay the best available data (in some cases this will be regional, in others city-specific) onto the different visitor volumes achieved at destination (as mentioned in section 5.1). The difference between the 'with' and 'without' Northern Powerhouse should be achieved by calculating a difference between a core growth scenario and that generated by the transformed impact in the NPIER – the 'without' uses the business as usual trends plus growth anticipated by the Deloitte report, whereas the 'with' uses the increased population levels and impacts of accelerated journey times.

Potentially, of course, the above is an understatement of impacts; as mentioned above the positive impact the visitor economy can have on improving inward investment levels owing to increased "attractiveness of place".

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