# The Economic Impact of Tourism
# Eastbourne 2015

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TOURISM
SOUTH EAST

# CONTENTS

# 1. SUMMARY OF RESULTS

## 1.1 Introduction

This report contains the findings of a study commissioned by Eastbourne Borough Council and undertaken by Tourism South East. The overall aim of the research is to provide indicative estimates of the volume, value and resultant economic impact of tourism on Eastbourne in 2015.

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.

## 1.2 Volume & Value of Tourism – National and Regional results

| Trips by domestic overnight visitors | | | | | | |
|---|---|---|---|---|---|---|
| | South East | | | England | | |
| | 2015 | 2014 | % change | 2015 | 2014 | % change |
| Trips | 17,040,000 | 16,200,000 | 5% | 102,730,000 | 93,000,000 | 10% |
| Nights | 45,560,000 | 43,700,000 | 4% | 299,570,000 | 273,000,000 | 10% |
| Spend | £2,570,000,000 | £2,448,000,000 | 5% | £19,571,000,000 | £18,085,000,000 | 8% |
| | | | | | | |
| Trips by overseas overnight visitors | | | | | | |
| | South East | | | England | | |
| | 2015 | 2014 | % change | 2015 | 2014 | % change |
| Trips | 5,141,000 | 4,648,000 | 11% | 31,820,000 | 29,824,000 | 7% |
| Nights | 37,350,000 | 34,645,000 | 8% | 241,427,000 | 232,846,000 | 4% |
| Spend | £2,242,000,000 | £2,160,000,000 | 4% | £19,427,000,000 | £19,081,000,000 | 2% |
| | | | | | | |
| Trips by day visitors | | | | | | |
| | South East | | | England | | |
| | 2015 | 2014 | % change | 2015 | 2014 | % change |
| Trips | 216,000,000 | 227,000,000 | -5% | 1,298,000,000 | 1,345,000,000 | -3% |
| Spend | £6,696,000,000 | £7,571,000,000 | -12% | £46,422,000,000 | £46,024,000,000 | 1% |
| | | | | | | |
| Total trips | | | | | | |
| | South East | | | England | | |
| | 2015 | 2014 | % change | 2015 | 2014 | % change |
| Trips | 238,181,000 | 247,848,000 | -4% | 1,432,550,000 | 1,467,824,000 | -2% |
| Spend | £11,508,000,000 | £12,179,000,000 | -6% | £85,420,000,000 | £83,190,000,000 | 3% |

Results from GBTS reveal that 102.7 million domestic overnight trips were taken in England in 2015, an increase of 10% compared with 2014. The value of domestic overnight trips increased by 8%, from £18 billion to £19.6 million in 2015.

Reflecting the national trend, the volume and value of domestic overnight trips in the South East also increased in 2015 compared to 2014. The volume of domestic overnight trips increased by 5% and trip expenditure also increased by 5%.

According to results from IPS, overseas visitors made a total of 31.8 million overnight trips in England, an increase of 7% compared with 2014. Trip expenditure increased by 2% at the national level.

Overseas visitor trip volume was also up for the region; total overnight trips taken by visitors from overseas to the South East increased by 11% and trip expenditure increased by 4%.

Figures published in the Great Britain Day Visits Survey (2015) indicate that there were 1.3 billion Tourism Day Visits undertaken in England during 2015 (down 3% compared to 2014). Despite a small drop in volume, spend per head was up, leaving to an increase in day trip expenditure of 1%.

The region saw a far greater fall in tourism day trips in 2015 compared to 2014. Day trip volume at regional level dropped by 5% and day trip expenditure dropped by 12%.

Overall, total trip volume in the South East (overnight and day) dropped by 4% and total trip expenditure dropped by 6%.

## 1.3 Volume & Value of Tourism – Eastbourne Results

Recent trends for Eastbourne show steady year-on-year increase in tourism value

Overall, an estimated 715,000 staying trips were spent in the Borough in 2015, of which around 644,000 were made by domestic visitors (90%) and 71,000 by overseas visitors (10%). Compared to 2014, domestic overnight trips increased marginally by 0.8% whereas visits made by visitors from overseas increased by 4.4%. Total trip volume increased overall by 1.1%.

With the growth in volume, trip expenditure was up. Staying visitors spent in total just £171.1 million on their trip. This represents a 1.9% increase in expenditure compared to 2014.

Approximately 4.2 million tourism day trips were made to Eastbourne (lasting more than 3 hours and taken on an irregular basis) in 2015 generating an additional £129 million in trip expenditure. Compared to 2014, the volume of day trips fell by 3.3%; however, spend per head was higher leading an increase in trip spend of 3.0%.

Total expenditure by visitors to Eastbourne is estimated to have been in the region of £300.1 million in 2015, up by 2.4% compared to 2014.

Once adjustments are made to recognise that some of this expenditure will take place outside the Borough (e.g. it is estimated that around 40% of expenditure on travel such as the purchase of petrol, coach and train fares, will be made at source of origin or on-route), total direct visitor expenditure is reduced to £278.7 million.

Additional tourism expenditure is however, generated by other sources, increasing the total amount of money spent in the Borough. It is estimated that expenditure on second homes and on goods and services purchased by friends and relatives visitors were staying with, or visiting, generated a further total £8.8 million expenditure associated with overnights trips in 2015.

This brings direct expenditure generated by tourism in the Borough in 2015 to £287.4 million which is 2.3% higher than direct expenditure generated in 2014.

Direct expenditure is translated to £388.4 million worth of income for local businesses through additional indirect and induced effects (multiplier effects generated a further £101 million). Compared to 2014, this represents an increase of 2.3% in total tourism value.

This tourism-related expenditure is estimated to have supported 5,852 FTE jobs and 8,037 Actual jobs (separate counts of part-time and seasonal jobs) in Eastbourne, an increase of 2.3% compared to 2014.

These jobs are spread across a wide range of service sectors from catering and retail to public service jobs such as in local government, and not just tourism. According to the Office of National Statistics, there are 37,900 jobs in Eastbourne (excl. self-employed). Based on our estimates, total tourism related expenditure supports 21.2% of these jobs in the Borough.

# 2. INTRODUCTION

## 2.1 Objectives of Study

This report examines the value, volume and resultant economic impact of tourism to the Borough of Eastbourne. The study was undertaken by Tourism South East 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.

## 2.2 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 Borough basis – has been used extensively.

## 2.3 The Cambridge Model

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 exist 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.

## 2.4 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]

## 2.5 Methodological Overview

### 2.5.1 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 Borough by overseas and domestic visitors
- The volume of visitor nights spend in the Borough by overseas and domestic visitors
- The number of leisure day visits taken from home to and within the Borough

[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.*

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

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.

### 2.5.2 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:

- Great Britain Tourism Survey (GBTS)
- International Passenger Survey (IPS)
- Great Britain Day Visits Survey (GBDVS)
- Census of Employment
- Census of Population
- Annual Survey of Hours and Earnings
- Annual Business Inquiry

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

### 2.5.3 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.*

### 2.5.4 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.

## 3. TABLES OF RESULTS

| TABLE 1: STAYING TRIPS BY ACCOMMODATION | | | | | | |
|---|---|---|---|---|---|---|
| | UK | | Overseas | | Total | |
| Serviced | 492,000 | 76.4% | 36,000 | 50.7% | 528,000 | 73.8% |
| Non-serviced | 27,000 | 4.2% | 6,000 | 8.5% | 33,000 | 4.6% |
| Group/campus | 2,000 | 0.3% | 2,000 | 2.8% | 4,000 | 0.6% |
| Second homes | 2,000 | 0.3% | 1,000 | 1.4% | 3,000 | 0.4% |
| Boat moorings | 7,000 | 1.1% | 0 | 0.0% | 7,000 | 1.0% |
| Paying guests | 0 | 0.0% | 6,000 | 8.5% | 6,000 | 0.8% |
| VFR home | 115,000 | 17.9% | 20,000 | 28.2% | 135,000 | 18.9% |
| Total 2015 | 644,000 | | 71,000 | | 715,000 | |
| Total 2014 | 639,000 | | 68,000 | | 707,000 | |
| % Change | 0.8% | | 4.4% | | 1.1% | |

| TABLE 2: STAYING NIGHTS BY ACCOMMODATION | | | | | | |
|---|---|---|---|---|---|---|
| | UK | | Overseas | | Total | |
| Serviced | 1,147,000 | 71.7% | 185,000 | 34.6% | 1,332,000 | 62.4% |
| Non-serviced | 110,000 | 6.9% | 53,000 | 9.9% | 163,000 | 7.6% |
| Group/campus | 3,000 | 0.2% | 22,000 | 4.1% | 25,000 | 1.2% |
| Second homes | 6,000 | 0.4% | 7,000 | 1.3% | 13,000 | 0.6% |
| Boat moorings | 17,000 | 1.1% | 0 | 0.0% | 17,000 | 0.8% |
| Paying guests | 0 | 0.0% | 97,000 | 18.1% | 97,000 | 4.5% |
| VFR home | 316,000 | 19.8% | 172,000 | 32.1% | 488,000 | 22.9% |
| Total 2015 | 1,599,000 | | 535,000 | | 2,134,000 | 2.48 |
| Total 2014 | 1,597,000 | | 510,000 | | 2,107,000 | 7.54 |
| % Change | 0.1% | | 4.9% | | 1.3% | |

| TABLE 3: STAYING SPEND BY ACCOMMODATION | | | | | | |
|---|---|---|---|---|---|---|
| | UK | | Overseas | | Total | |
| Serviced | £114,989,000 | 87.4% | £18,960,000 | 47.9% | £133,949,000 | 78.3% |
| Non-serviced | £4,565,000 | 3.5% | £2,505,000 | 6.3% | £7,070,000 | 4.1% |
| Group/campus | £338,000 | 0.3% | £1,266,000 | 3.2% | £1,604,000 | 0.9% |
| Second homes | £258,000 | 0.2% | £151,000 | 0.4% | £409,000 | 0.2% |
| Boat moorings | £711,000 | 0.5% | £0 | 0.0% | £711,000 | 0.4% |
| Paying guests | £0 | 0.0% | £5,835,000 | 14.7% | £5,835,000 | 3.4% |
| VFR home | £10,677,000 | 8.1% | £10,847,000 | 27.4% | £21,524,000 | 12.6% |
| Total 2015 | £131,540,000 | | £39,564,000 | | £171,104,000 | |
| Total 2014 | £129,104,000 | | £38,732,000 | | £167,836,000 | |
| % Change | 1.9% | | 2.1% | | 1.9% | |

| TABLE 4: TOURISM DAY VISITS | | |
|---|---|---|
| | Trips | Spend |
| Total 2015 | 4,160,000 | £129,000,000 |
| Total 2014 | 4,300,000 | £125,230,000 |
| % Change | -3.3% | 3.0% |

| TABLE 5: BREAKDOWN OF EXPENDITURE ASSOCIATED WITH TRIPS | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accomm | Shopping | Food and drink | Attractions/ entertain. | Travel | Total | |
| UK Tourists | £42,762,000 | £18,600,000 | £29,696,000 | £14,746,000 | £25,735,000 | £131,539,000 | 44% |
| Overseas tourists | £10,663,000 | £12,398,000 | £7,157,000 | £6,295,000 | £3,052,000 | £39,565,000 | 13% |
| Total | £53,425,000 | £30,998,000 | £36,853,000 | £21,041,000 | £28,787,000 | £171,104,000 | |
| % | 31% | 18% | 22% | 12% | 17% | | |
| | | | | | | | |
| Tourist day visitors | £0 | £16,254,000 | £66,822,000 | £21,156,000 | £24,768,000 | £129,000,000 | 43% |
| % | 0% | 13% | 52% | 16% | 19% | | |

| TABLE 6: TOTAL BREAKDOWN OF EXPENDITURE ASSOCIATED WITH ALL TRIPS | | | | | | |
|---|---|---|---|---|---|---|
| | Accomm. | Shopping | Food and drink | Attractions/entertain. | Travel | Total |
| Total 2015 | £53,425,000 | £47,252,000 | £103,675,000 | £42,197,000 | £53,555,000 | £300,104,000 |
| % | 18% | 16% | 35% | 14% | 18% | |
| Total 2014 | | | | | | £293,066,000 |
| % Change | | | | | | 2.4% |

| TABLE 7: DIRECT BUSINESS TURNOVER DERIVED FROM TRIP EXPENDITURE | | | | | | |
|---|---|---|---|---|---|---|
| | Staying tourists | | Day visitors | | Total | |
| Accommodation | £54,162,000 | 34% | £1,336,000 | 1% | £55,498,000 | 20% |
| Retail | £30,689,000 | 19% | £16,091,000 | 14% | £46,780,000 | 17% |
| Catering | £35,747,000 | 22% | £64,817,000 | 54% | £100,564,000 | 36% |
| Attraction/entertain | £21,719,000 | 14% | £21,987,000 | 18% | £43,706,000 | 16% |
| Transport | £17,272,000 | 11% | £14,861,000 | 12% | £32,133,000 | 12% |
| Total(1) | £159,589,000 | | £119,092,000 | | £278,681,000 | |
| | | | | | | |
| Other expenditure(2) | | | | | £8,768,000 | |
| | | | | | | |
| Total 2015 with 'other' | | | | | £287,449,000 | |
| Total 2014 with 'other' | | | | | £280,874,000 | |
| % Change | | | | | 2.3% | |

(1) Adjustments have been made to visitor expenditure by sector 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

(2) Apart from the spending associated with the individual trips, additional spending by non-visitors, e.g. friends and relatives with whom the visitor is staying with will also take place. Moreover, owners of second homes/boats will spend some money on maintenance, repair. Data is only available for additional expenditure made related to overnight trips.

| TABLE 8: TOTAL LOCAL BUSINESS TURNOVER SUPPORTED BY ALL TOURISM ACTIVITY | | | |
|---|---|---|---|
| | Staying tourists | Day visitors | Total |
| Direct | £168,357,000 | £119,092,000 | £287,449,000 |
| Supplier/ income induced | £69,070,000 | £31,873,000 | £100,943,000 |
| Total 2015 | £237,427,000 | £150,965,000 | £388,392,000 |
| Total 2014 | £233,010,000 | £146,552,000 | £379,562,000 |
| % Change | 1.9% | 3.0% | 2.3% |

| TABLE 9: TOURISM SUPPORTED JOBS | |
|---|---|
| Total FTE 2015 | 5,852 |
| Total FTE 2014 | 5,719 |
| % change | 2.3% |
| | |
| Actual 2015 | 8,037 |
| Actual 2014 | 7,853 |
| % change | 2.3% |

| TABLE 10: PROPORTION OF TOTAL JOBS SUSTAINED ACROSS ALL SECTORS BY TOURISM SPEND | |
|---|---|
| | Total |
| Total employed (3) | 37,900 |
| Tourism employment | 8,037 |
| Tourism proportion | 21.2% |

(3) Total labour force is based on all employees incl. part-time (excludes government-supported trainees and HM Force and self-employment). The information comes from the Business Register and Employment Survey (BRES) an employer survey conducted by ONS in December of each year.