

## 2 Data and methodology outline

## Facts at a glance

- For the purposes of this report the definition used for Tourism is *the set of activities of a person travelling to and staying in places outside his/her usual environment for less than one year and whose primary purpose of travel is other than the exercise of an activity remunerated from within the place visited.*
- A specifically designed mathematical model that measures tourism (the Cambridge model) has been used in the South West to provide the estimates of volume and value and associated employment impacts.
- This report draws together data from a number of primary sources and provides data on the direct and indirect contribution of tourism to the South West economy in 2001
- Tourism is, essentially, 'qualitatively different' from other components of the Cultural Sector and either supports or makes use of the other sectors
- This analysis uses both demand side indicators and supply side indicators that are reconciled in an estimate of the value of tourism.

## 2.1 Introduction

We first need to consider 'what is tourism' and does a 'tourism industry' exist? This question has vexed economists, business people and politicians (and more than the occasional civil servant) for many years, but came to particular attention for the South West region during the Foot and Mouth crisis in early 2001. There is no easy answer as to what tourism actually is, but for the purposes of this report the definition used is

*Tourism is the set of activities of a person travelling to and staying in places outside his/her usual environment for less than one year and whose primary purpose of travel is other than the exercise of an activity remunerated from within the place visited.*<sup>7</sup>

Essentially this is a demand-side definition, and it should be noted that tourism is not an industry in the conventional sense of the word, the tourism product is not created out of a conventional production process and the methods used to measure tourism are not conventional ones. The tourism industry serves our needs while we are away from our 'usual environment' by providing products and services, and it is an important component of the South West economy (however tourism is defined). For these reasons, a specifically designed mathematical model is used to provide the estimates of volume and value and associated employment impacts (Cambridge model).

The extent of an industry's contribution to the local economy depends in the most part upon the nature of the activities and the strength of links with the local economy. Tourism business activities provide employment across a wide range of occupations, and industrial sectors. It is through this process that tourism provides income for local households, businesses and suppliers and has an impact on the regional, sub-regional and district economy.

Tourism has a direct impact on the local economy. Spending by tourists directly employs people in, for example, accommodation establishment, attractions, shops and food outlets. Estimating the direct impact is relatively straightforward as we have a robust figure for spending in the local area by domestic and overseas visitors, and day visitors. Tourism also contributes indirectly to the local economy in two important ways. First the businesses benefiting directly from visitor spending make purchases from local suppliers (indirect), and second household incomes resulting from direct and indirect employment will stimulate further demand for local goods (induced).

This report draws together data from a number of primary sources and provides data on the direct and indirect contribution of tourism to the South West economy in 2001. For the first time, certain key statistics are available at the regional, sub-regional (county) and district level and have been put together using a consistent methodology. These are:

- Trips, nights and spend domestic
- Trips, nights and spend overseas
- Day visit trips and spend
- Direct, indirect and induced employment supported by staying (domestic and overseas) visitors
- Direct, indirect and induced employment supported by tourism day visitors
- Local wage income generated by visitor spending

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<sup>7</sup> World Tourism Organisation, 1994

The data presented at a regional, county and district level provides better integration between the big picture and detail on the ground. This ensures local businesses and tourism bodies can obtain clear intelligence about the performance of their area in comparison with others, whereas regional practitioners benefit from a broader understanding of what lies behind averages and headline figures.

## 2.2 The Culture Sector and tourism

Tourism is an essential, if not the most essential, economic component of the 'Cultural Sector'. It encompasses visits to heritage sites, services the needs of those visiting the South West for sport or sporting activities or visiting for cultural events (such as the Daphne Du Maurier festival). The tourism industry has a wealth of base line data stretching back at least over 15 years, has a sophisticated lobbying and industry support mechanism, markets itself effectively year on year and, in the South West, can identify over 7,000 serviced accommodation establishments alone.<sup>8</sup> Tourism is, essentially, 'qualitatively different' from other components of the Cultural Sector and either supports or makes use of the other sectors.<sup>9</sup>

In large part, this analysis takes its lead from the Regional Cultural Data Framework (RCDF) proposed by DCMS late in 2002. The aim of RCDF is 'not to impose a 'one size fits all' model' for the collection and development of regional statistics but, rather, to establish good practice for core data requirements.<sup>10</sup> Thus, the analysis follows the recommendations of RCDF and DCMS with regard to core data sets and mathematical modelling, and seeks to widen the analysis to include tourism activities that might also be integrated into other Cultural Sector domains (such as visits to museums).

The robust sources used in this analysis and outlined below form part of the standardised framework recommended by RCDF. However, this report does not include use of the Standard Industrial Classification (SIC) or Standard Occupation Classification (SOC) as recommended by RCDF. There are two main reasons for this omission:

- Preliminary analysis using data from National Statistics' Interdepartmental Business Register and the SIC codes recommended by RCDF suggests that there are just over 4,000 tourism businesses in the South West that could be defined as involved in tourism. However, South West Tourism alone has 4,300 members
- Whereas tourism and the cultural sector is defined by consumption and intended use, SIC are defined by output and product.

## 2.3 How it was done<sup>11</sup>

At the outset, it should be stated that no data sources are infallible, particularly for tourism. Surveys are subject to statistical error; Standard Industrial Classifications were not created for nebulous concepts such as tourism; piloted regional accounts do not provide sufficient detail; mathematical models are estimates. That said, the strength of the approach outlined below is that it is based on robust national surveys, uses the most comprehensive databases available of tourism businesses in the South West and is based on a regional mathematical model that allows consistent comparison across local authority areas.

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<sup>8</sup> Statistics Report for Accommodation Providers registered with SW Tourism, May 2003.

<sup>9</sup> *Regional Cultural Data Framework: A User's Guide for Researchers and Policymakers (DCMS, 2002)*, p. 15.

<sup>10</sup> *A User's Guide*, p. 1.

<sup>11</sup> Please refer to Appendix 1 for a more detailed explanation of sources and processes.

Essentially, it uses demand side indicators and supply side indicators that are reconciled in an estimate of the value of tourism.

All data on trips, spend and nights (hereafter called tourism value profiles) is available at three geographical levels; regional, sub-regional and district. The primary data sources are available at sub-regional level and have been disaggregated to district level and aggregated to regional level. The flow chart at the end of this section illustrates the process that has been undertaken, including collaboration with district authorities on stock estimates.

The tourism value profiles are assembled from

- United Kingdom Tourist Survey (UKTS) 2001
- International Passenger Survey (IPS) 2001
- United Kingdom Day Visits Survey (UKDVS) 1998
- South West Tourism TRIPS (accommodation capacity) database
- Occupancy data
- Local data on language schools, second homes and boat moorings
- Visits to attractions data
- Regional and local earnings figures from New Earnings Survey
- Local employment totals from Labour Force Survey

The approach used to create the tourism value profiles is as followsSub-regional or county tourism value profiles are constrained by published headline figures (UKTS, IPS, UKDVS)

- In each tourism value profile, tourism demand by trips, nights and spend is matched to equivalent supply/capacity of accommodation (TRIPS)
- Accommodation capacity modified by variations in district or county occupancy to reflect greater use in some areas
- Replication for district tourism value profiles and constrained to the published county figures.

It should be noted that in addition to spending associated with tourist trips, additional spending, and therefore impact, arises from second home ownership and boat maintenance and spend by hosts of friends and relatives

The tourism value profiles then calculate

- Business turnover in tourism related businesses estimated directly from tourism spending
- Proportion of turnover estimated in wage costs
- FTE jobs estimated at district level calculated from New Earnings Survey data
- Actual jobs estimated from relationship between FTE and actual in different sectors and locations
- Proportion of business turnover estimated on local purchases of supplies and services varied by character of district
- Indirect jobs in suppliers derived from average turnover per job in supplier firms supported by tourism related business spend and from indirect tourism spend (second homes or boats for example)
- Income induced jobs arising from spending of wages by direct and indirect employees
- Wage income generated in the local area

The method outlined above is unique to the South West. However, use of the Cambridge model has been a regular occurrence throughout the region and elsewhere England, and there may be a temptation to compare the 2001 data presented here with previous local reports. However, it should be noted that the data presented in this report is not directly comparable with previous estimates. The Cambridge revised model as presented here has incorporated numerous changes arising from the availability of new data sources, as well as

