
The Economic Impact of Tourism Southampton 2007

Prepared by:
Tourism South East
Research Unit
40 Chamberlayne Road
Eastleigh
Hampshire
SO50 5JH

TOURISM
SOUTH EAST

CONTENTS

Glossary of terms	1
1. Summary of Results	3
1.1 Introduction & Context	3
1.2 Key Headline Figures	3
1.3 Volume and Value of Trips	3
2. Table of Results	7
Tables 1: Staying trips by accommodation type	7
Tables 2: Staying nights by accommodation type	7
Tables 3: Staying spend by accommodation type	7
Tables 4: Tourism day trips and spend	8
Tables 5: Breakdown of expenditure associated with trips	8
Table 6: Distribution of business turnover	8
Table 7: Breakdown of other trip related expenditure	8
Tables 8: Income for local business generated by trip expenditure	8
Table 9: Local employment supported by visitor spending	9
Table 10: Local employment supported by visitor spending & multiplier effect	9

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.

Economic multiplier

Multipliers are used to estimate the economic impact of visitor expenditure. Visitor expenditure produce three effects. Direct effects are changes in the business sector directly receiving visitor expenditure. For instance, visitors staying in a hotel will directly increase revenue and the number of jobs in the hotel sector. Indirect effects are the changes in supplier businesses. For example, these indirect effects would be hotels purchasing more linen from local suppliers as a result of increased business. Induced effects are changes in local economic activity resulting from household spending. For instance, employees of the hotel and linen supplier spend their wages in the local area, resulting in more sales, income and jobs in the area.

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.

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.

each year. IPS provides headline figures, based on the county or unitary authority, for the volume and value of overseas trips to the UK.

1. Summary of Results: Tourism Economic Impact Estimates

1.1 Introduction and Context

- This report contains the findings of a study commissioned by Southampton City Council and undertaken by Tourism South East. The overall aim of the study was to provide indicative estimates for the volume, value and resultant economic impact of tourism to the City for the year 2007 and compare the figures with the last economic impact study carried out for the year 2006.
- 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.
- In June and July 2007, there were several periods of extreme rainfall which gave rise to widespread flooding in England with some locations – notably on the river Severn between Tewkesbury and Gloucester, the Thames upstream of Oxford, and South Yorkshire suffering record breaking flood levels. The peak summer months of July and August were also colder than average with September close to average for temperature and above average for sunshine (Source: MetOffice).
- Unsurprisingly the poor weather had an impact on domestic holiday trips, with many people putting off their holiday or preferring to take trips closer to home and or taking more day trips instead.
- Compared to 2006, there was an overall decline in domestic tourism in the United Kingdom during the period from January to December 2007. Trips declined to 123.5 million (a fall of 2%) whilst the decrease in terms of bednights was smaller (1%). Spending rose from £20,965 million to £21,238 million – an increase of 1%, although it must be recognised that this does not take account of inflation – the 2007 spend would be an actual decrease in 'real terms'.
- Regionally the volume of domestic overnight trips declined by 1% from 18.1 million trips in 2006 to 17.9 million trips in 2007. However, most parts of the region saw an increase in the volume of overseas trips. At regional level the volume of overseas trips increased by 2% (Source: UKTS 2007, IPS 2007).
- Recent changes in day trip activity is more difficult to assess as the 2005 England Leisure Visits Survey has is planned to be repeated until 2009. Anecdotal evidence suggests that many destinations saw an increase in day trips as a result of many visitors swapping a short break for day trips. The 4% increase in footfall among the South East's visitor attractions in 2007 lends some support to this suggestion (Source: England Attractions Monitor 2007).
- The regional picture is reflected across Hampshire. The Model outputs for Southampton are summarised overleaf.

1.2 Key headline figures for Southampton, 2007

	2007	2006	% change
Overnight domestic trips	471,000	514,000	-8%
Overnight overseas trips	86,000	83,000	4%
Total	557,000	596,595	-7%
Overnight domestic nights	1,135,000	1,287,000	-12%
Overnight overseas nights	620,000	596,000	4%
Total	1,755,000	1,883,000	-7%
Overnight domestic spend	£67,602,000	£78,894,000	-14%
Overnight overseas spend	£29,720,000	£27,691,000	7%
Total	£97,322,000	£106,585,000	-9%
Day trips	3,061,000	2,940,000	4%
Day trip spend	£154,520,000	£148,401,000	4%
Total business turnover with multiplier effect	£316,664,000	£306,030,000	3%
Actual jobs supported with multiplier effect	5,934	5,971	-1%

- 557,000 staying trips
- 1,755,000 staying visitor nights
- £97,322,000 spent by staying visitors on their trip
- 3,061,000 tourism day trips
- £154,520,000 spent by tourism day visitors on their trip
- In total £251,842,000 was spent by all visitors on their trip
- In addition, expenditure by friends and relatives on visitors, and visitors spend on second homes (i.e. maintenance) generates a further £15,245,000.
- With the addition of the multiplier effect, £316,664,000 directly benefited local businesses in terms of direct and indirect business turnover
- This income supported 4,301 FTE jobs and 5,934 Actual jobs in Southampton.

1.3 Volume and value of trips

- It is estimated that around 557,000 overnight tourism staying trips were made to Southampton in 2007. Of these trips, domestic visitors made 85% of trips (471,000) and overseas visitors made 15% of trips (86,000).
- Of all commercial accommodation available to visitors, serviced accommodation (hotels, guest houses and B&Bs) was the most popular choice among visitors (used by 37% of domestic staying visitors and 53% of overseas staying visitors). Around 3% of all staying visitors used self-catering accommodation, 1% used university campus accommodation and a further 0.2% used caravan and camping accommodation.

- Over half of domestic overnight visitors were accommodated in the homes of friends and family during their trip to Southampton (53%). Twenty-eight percent of overseas visitors also stayed in the homes of friends and family.
- In total, it is estimated that around £97,322,000 was spent by staying visitors on their trip Southampton in 2007. Of this expenditure, 69% was spent by domestic visitors and 31% by overseas visitors.
- It is estimated that around 3 million tourism day trips were made to Southampton in 2007, generating a further £154,520,000 trip expenditure.
- In total, around £251,843,000 was spent on trips to Southampton in 2007 by staying and day visitors. Twenty-seven percent of this expenditure was made by domestic staying visitors; 12% by overseas staying visitors and 61% by day visitors.
- It is estimated that 14% of total trip expenditure went towards the cost of accommodation. Approximately a third of total trip expenditure (34%) was spent in the retail sector and 29% was spent in catering establishments. Approximately 9% of total trip expenditure went on visits to attractions and other entertainment. Finally, the remaining 13% of total trip expenditure was spent in the transport sector.
- Of the £251.8 million estimated to have been spent by visitors on their trip, around £238,528,000 directly benefited local businesses from hotels and restaurants to cafes, shops and attractions in Southampton. Adjustments have been made to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. Furthermore, it is assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination.
- Once these adjustments are made the distribution of the actual income received by Southampton businesses in each of the 5 sectors from visitor spend changes. It is estimated that Southampton accommodation businesses received a fifth of total visitor expenditure, Southampton retailers received a third, catering businesses received 28%, attractions and other entertainment businesses received 10% and local transport businesses/operators received 10% of total visitor expenditure.
- In addition to the £238,528,000 further additional expenditure spent by visitors on second homes 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 £15,245,000 of direct turnover for local businesses.
- Visitor expenditure and added expenditure generated £253,503,000.
- It is estimated that the £253.5 million sustained approx 3,250 FTE jobs and 4,736 Actual jobs (with the addition of seasonal and part-time employment).
- In addition to the business turnover generated in those businesses directly receiving visitor income, successive rounds of expenditure (the multiplier effect), that is spending by these businesses on local supplies and spending by employers in the local area, is estimated to have generated a further £63,161,000 to the local economy.

- Drawing together direct business turnover with supplier and income induced expenditure, the total value of tourism activity in Southampton in 2007 is estimated to have been around £316,664,000.
- This total income to the local economy is estimated to have supported around 4,301 FTE jobs and 5,934 Actual jobs.

2. Tables of Results

2.1 Overnight trips by accommodation

	UK	%	Overseas	%	Total	%
Serviced	176,000	37%	46,000	53%	222,000	40%
Self catering	14,000	3%	2,000	2%	16,000	3%
Touring caravans /tents	1,000	0%	0	0%	1,000	0%
Static caravans	0	0%	0	0%	0	0%
Group/ campus	3,000	1%	5,000	6%	8,000	1%
Second homes	1,000	0%	0	0%	1,000	0%
Boat moorings	10,000	2%	0	0%	10,000	2%
Other	15,000	3%	2,000	2%	17,000	3%
Paying guests	0	0%	7,000	8%	7,000	1%
SFR	251,000	53%	24,000	28%	275,000	49%
Total 2007	471,000	100%	86,000	100%	557,000	100%
Total 2006	514,000	100%	83,000	100%	596,595	
% change	-8%		4%		-7%	

	UK	%	Overseas	%	Total	%
Serviced	329,000	29%	115,000	19%	444,000	25%
Self catering	49,000	4%	27,000	4%	76,000	4%
Touring caravans /tents	2,000	0%	0	0%	2,000	0%
Static caravans	0	0%	0	0%	0	0%
Group/ campus	14,000	1%	45,000	7%	59,000	3%
Second homes	5,000	0%	3,000	0%	8,000	0%
Boat moorings	26,000	2%	0	0%	26,000	1%
Other	82,000	7%	6,000	1%	88,000	5%
Paying guests	0	0%	50,000	8%	50,000	3%
SFR	629,000	55%	214,000	35%	843,000	48%
Total 2007	1,135,000	100%	620,000	74%	1,755,000	91%
Total 2006	1,287,000	100%	596,000	100%	1,883,000	
% change	-12%	0%	4%	0%	-7%	

	UK	%	Overseas	%	Total	%
Serviced	40,317,000	60%	12,814,000	43%	£53,131,000	55%
Self catering	4,621,000	7%	1,369,000	5%	£5,990,000	6%
Touring caravans /tents	77,000	0%	5,000	0%	£82,000	0%
Static caravans	0	0%	0	0%	£0	0%
Group/ campus	354,000	1%	4,952,000	17%	£5,306,000	5%
Second homes	262,000	0%	346,000	1%	£608,000	1%
Boat moorings	1,636,000	2%	0	0%	£1,636,000	2%
Other	954,000	1%	450,000	2%	£1,404,000	1%
Paying guests	0	0%	1,473,000	5%	£1,473,000	2%
SFR	19,381,000	29%	8,311,000	28%	£27,692,000	28%
Total 2007	67,602,000	100%	29,720,000	100%	£97,322,000	100%
Total 2006	£78,894,000	100%	£27,691,000	100%	£106,585,000	
% change	-14%		7%		-9%	

SFR = staying with friends/relatives

2.2 Tourism day trips

	Trips	Spend
Total 2007	3,061,000	£154,520,000
Total 2006	2,940,000	£148,401,000
% change	4%	4%

2.3 Sector breakdown of visitor expenditure

	Domestic		Overseas		Day		Total	
Accommodation	£24,384,000	36%	£10,630,000	36%	£0	0%	£35,014,000	14%
Retail	£9,952,000	15%	£6,783,000	23%	£69,554,000	45%	£86,289,000	34%
Catering	£12,726,000	19%	£5,991,000	20%	£54,423,000	35%	£73,140,000	29%
Attractions	£4,963,000	7%	£3,492,000	12%	£14,988,000	10%	£23,443,000	9%
Travel	£15,578,000	23%	£2,825,000	10%	£15,554,000	10%	£33,957,000	13%
Total	£67,603,000		£29,721,000		£154,519,000		£251,843,000	

2.4 Business turnover derived from tourism and related expenditure

	Expenditure on trip		Expenditure received by local businesses	
Accommodation	£35,014,000	14%	£36,476,000	20%
Shopping	£86,289,000	34%	£85,425,000	32%
Food and drink	£73,140,000	29%	£70,946,000	28%
Attractions/entertainment	£23,443,000	9%	£25,037,000	10%
Travel	£33,957,000	13%	£20,374,000	10%
Total	£251,843,000		£238,258,000	100%

Second homes	£170,000
Boats	£2,130,000
Friends and relatives	£12,945,000
Total 2007	£15,245,000
Total trip expenditure added to additional expenditure 2007	£253,503,000

Direct	£253,503,000
Supplier and income induced	£63,161,000
Total 2007	£316,664,000
Total 2006	£306,030,000
% change	3%

2.5 Employment supported by tourism and related expenditure

Total 2007 FTE	3,250
Total 2006 FTE	3,556
<i>% change</i>	-9%
Total 2007 Actual	4,736
Total 2006 Actual	4,125
<i>% change</i>	15%

Total 2007 FTE	4,301
Total 2006 FTE	4,322
<i>% change</i>	0%
Total 2007 Actual	5,934
Total 2006 Actual	5,971
<i>% change</i>	-1%