



A Guidance Pack from the Department for Culture, Media and Sport

## Measuring the Local Impact of Tourism





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#### FOREWORD BY JANET ANDERSON MP

The Government recognises that local authorities play a central role in the promotion, development and management of tourism and we want all local authorities to have in place a strategy for their tourism and leisure activities. Good strategies need to be built and evaluated on relevant and reliable statistics, collected cost-effectively. Although I have only recently taken up post I am already well aware of the difficulties in measuring the volume and value of tourism in the local authority areas, despite the advances that have been made by the providers of products and services to support this important work. I am therefore delighted to be able to introduce this guidance pack and to encourage everyone with an interest or a potential interest to read and follow its advice.

I am also pleased to thank all of those who have been involved in its preparation. A welcome start was made on this by the British Resorts Association, who commissioned Professor Victor Middleton to report on this subject. The Department and the national tourist boards have sought to build on that foundation and on the work they commissioned from Professor Robert Gilchrist and Dr Judy White of the University of North London. Much practical advice has been freely given by leading members of the industry and of local authorities, and by other researchers. I am particularly grateful to Geoff Broom and to David James for their considerable efforts in ensuring that this guidance pack provides sound and pertinent advice, addressed both to those just starting to consider local area tourism as well as to those rather more immersed in the topic.

The publication of this guidance is not the end of the matter. I encourage everyone concerned to continue to develop and exchange good practice, to support tourism at the local level and to contribute to the further growth of tourism and hospitality across the UK as a whole.

Janet Anderson MP  
September 1998

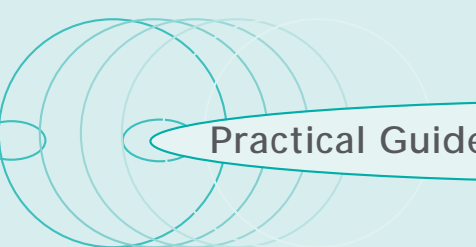


## Contents

This guidance is aimed specifically at officers in local authorities, development agencies, tourist boards and others who need to estimate the economic impact of tourism in their local area. We hope that the guidance will also be useful to providers of local area information and others with an interest in this important topic.

#### The pack contains:

- An introduction to the main issues in measuring the local impact of tourism. *This is aimed at new or potential users of local area tourism statistics, or those who need an overview of the management issues.*
  - A practical guide to measuring the local impact of tourism. *This is aimed primarily at those with a more technical interest in delivering local area tourism statistics. It includes key variables and categories for tourism statistics.*
- NB There is intentionally some duplication between these two documents, so that each can stand alone as a guidance note.
- A briefing note on the European Union Directive on tourism statistics. *The Directive puts a responsibility on the Government to provide certain tourism statistics, mainly at the national or regional level. The Directive also provides a potential framework for the development of tourism statistics at the local level.*
  - Contact details and suggestions for further reading.



## Practical Guide to Local Area Tourism Models

*This document is aimed primarily at those with a more technical interest in delivering local area tourism statistics. It includes key variables and categories for tourism statistics.*

*Details of publications and sources referred to are given in the separate note of useful addresses and suggestions for further reading.*

|   |    |
|---|----|
| <b>1. Introduction</b>                          | 2  |
| Tourism at the local level                      | 2  |
| The need for local area statistics              | 3  |
| <br>  |    |
| <b>2. The availability of local information</b> | 3  |
| National data sources                           | 3  |
| Regional and local data                         | 4  |
| Local surveys                                   | 5  |
| <br>  |    |
| <b>3. Filling the gap - the model approach</b>  | 5  |
| Developing a model solution                     | 5  |
| Exemplar approach                               | 5  |
| Mathematical models                             | 5  |
| Statistical models                              | 6  |
| The range of information required               | 6  |
| Volume and value                                | 6  |
| Economic  | 8  |
| Environmental                                   | 8  |
| Community                                       | 9  |
| Assessing model outputs                         | 9  |
| Current Development                             | 10 |
| <br>  |    |
| <b>4. The Way Forward</b>                       | 10 |
| Transparency                                    | 10 |
| Identifying the gaps                            | 11 |
| Comparability                                   | 11 |
| Reliability                                     | 11 |
| Local authority boundaries                      | 12 |
| Alignment with national totals                  | 12 |
| Making the good practice work                   | 12 |
| <br>  |    |
| <b>Appendices</b>                               | 13 |





## Statistical models

- 3.5 A third class of models are called statistical models because they acknowledge that the relationships are not exact but are subject to error. In the example above, the relationship between population size and the number of inbound VFR trips might then depend on the region and on other factors, some of which we should be able to identify explicitly and others that can only be taken account of as an error term in the equation.
- 3.6 One of the main features of any statistical model is that there is uncertainty about the information that it produces. We need to be aware that there is such uncertainty and use methods to reduce it to within acceptable and defined limits.

### The range of information required

- 3.7 Information on tourism activity may be required for a range of purposes, eg to assess the economic impact and contribution that tourism makes to the local economy, the environmental impacts of tourism activity or the benefits and disadvantages for local communities. However a starting point for considering these specific elements has to be an assessment of the volume and value of tourism activity in the area.

## Volume and value

- 3.8 The volume of tourism in any particular area will depend on the capacity of the area represented by the stock of facilities and infrastructure available to the tourist, and the level of use made by visitors (as opposed to local resident use) of that stock. It will be helpful therefore to consider the supply of tourism facilities available at a given point together with the use made of the facilities (tourism demand). See tables 1 and 2 opposite.
- 3.9 On the supply side, it may be helpful to classify the area by type, in order to make comparisons with areas of a similar type. On the demand side, it may be helpful to define main catchment areas for inbound tourism and to classify these areas. One suitable classification is the Office for National Statistics classification of local and health authorities of Great Britain, in which families, groups and clusters of areas are presented (details of publication given in the notes for further reading included in this pack).
- 3.10 We have mentioned day visits as part of tourism but they are one of the most difficult aspects of tourism to define and to measure. We recommend that the definition that best captures the 'outside usual environment' concept underlying all of tourism is that day visits are:
- visits taken for leisure or business purposes, and
  - lasting for three or more hours away from home, and
  - not undertaken on a regular basis.
- 3.11 Tourism leisure day visits defined in this way are a minority of all the leisure day trips that people take. Data from the 1996 UK Day Visits Survey show that tourism trips are 20% of the total reported leisure day trips, with many 'day trips' either lasting less than three hours, or taken regularly, or both.
- 3.12 Day visitors to an area are defined on a different basis from this in the context of the Standard Spending Assessment. For SSA purposes, length and regularity of visit are not measured directly: it is those day visits into an area made by people from outside that are counted as contributing to the enhanced population. This confirms that you must determine why you need statistical information on day visitors before collecting the data.

Table 1

| Supply side items              | Key variables   |
|--------------------------------|---|
| Stock of tourism accommodation | Number of establishments on reference dates (eg open peak/low seasons) Capacity (number of bed places or units)<br>See Appendix 1 for definitions of categories |
| Visitor attractions            | Number open on reference dates<br>See Appendix 2  |
| Tourist services               | Number of tourism information centres, information points, accommodation booking agencies, travel agencies and tour operators                                   |
| Resident population            | At reference dates; may be used to estimate the number of inbound visits to friends and relatives in the area   |



Table 2

| Demand side items   | Key variables  |
|---|--|
| Inbound trips to the area by people resident outside the area     | By month of departure from area, length of stay, purpose of visit, home location, main mode of transport used to reach area, transport used within area, main type of accommodation used while in area See appendix 3 for breakdowns |
| Domestic trips within the area by people resident within the area | By month of end of trip, length of stay away from home, purpose of visit, transport used within area, main type of accommodation used while away from home See appendix 3 for breakdowns   |
| Arrivals at tourism accommodation                                 | By month, type of accommodation; separately for overseas, other inbound and domestic arrivals  |
| Nights spent at tourism accommodation                             | By type of accommodation; separately for overseas, other inbound and domestic arrivals   |
| Occupancy rates   | Separately for hotels (and similar establishments) and for other collective accommodation establishments   |
| Tourism spending  | In total in the area, and for main components (accommodation, travel, catering, admission charges, other), separately for package trips and for all other trips  |
| Inbound tourists (people not trips)                               | Profiles such as sex, age, life cycle, socio economic group<br>See appendix 4 for breakdowns   |
| Domestic tourists (people not trips)                              | Profiles such as sex, age, life cycle, socio economic group<br>See appendix 4 for breakdowns   |

## Economic

3.13 Indicators of the economic effects of tourism activity in the local area are likely to include estimates of local income, jobs and business linkages.

3.14 The direct measurement of tourism activity, especially of tourism expenditure, presents only a partial picture of the economic impact of the tourism activity in an area.

- The gross *direct* economic impact of tourism is the total value of tourism spending in the area. This covers the 'front-line' effects, looking at tourism spending in hotels, restaurants, shops, taxis, ie any business that receives visitor expenditure directly. The net direct impact however needs to take into account the value of goods and services that are imported into the area in order to supply the tourist with goods and services.

*indirect* effects are the generation of income by subsequent expenditure (eg as hotels and drinks from the service laundries, building, utilities, etc) Net effect in the local area is some such expenditure will go to other parts of the region or elsewhere.

- *indirect* effects arise from expenditure on goods and services by visitors, which are then used to purchase other goods and services from other businesses in the area. This expenditure will go to other parts of the region or elsewhere.
- *leakage* of expenditure out of the local economy: such as savings, tax payments, etc. These are costs to the local economy.
- *community costs*: to take into account the cost of using scarce resources for tourism as opposed to other uses, as for example special facilities used by visitors. When tourism substitutes for other economic activity for another, this is a displacement effect.
- *investment activity* arising from capital expenditure in new facilities (which also involve some cost to the local economy).

3.15 There are complex issues. There is guidance from HM Treasury on economic assessment. The guidance in the context of regeneration projects are the most relevant. Further research is needed. The effects are difficult to measure precisely, but a simple approach is to look at the net effect in 'tourism related industries' (see Annex 5).

## Environmental

Increased visitor activities. These can be both beneficial and harmful, and can include:

- support from visitors for the conservation and presentation of 'heritage' features from historic castles to landscape or nature conservation sites where visitors are charged for entry or other services such as car parking.
- damage to sites or footpath networks arising from over use or badly managed use. Such damage is often limited in extent and seriousness but nevertheless should be addressed where it occurs.
- pollution arising from car usage by visitors, litter and pressure on local sewage disposal works.

3.17 The measurement of activity by area and by mode of transport can therefore be an essential element in monitoring impact and the effects of policy and management decisions.



## Community

3.18 As with economic and environmental impacts, the effects of tourism activity on local communities can bring benefits and disadvantages. These include:

- local employment both directly and indirectly
- increased range of local facilities and services which would not otherwise exist (see for example the recent studies by the Rural Development Commission on the effect of tourism in rural areas. Details are given in the further reading document)
- increased congestion and intrusion arising from visitors, mainly impacting during particular times of the year.

The effects of tourism activity will vary depending on the nature of the activity and the characteristics of the local community. Visitor activity will vary by season of the year and by certain changing patterns of activity. The effects may be both beneficial and detrimental. The effects of tourism activity on local communities can be both beneficial and detrimental. The effects of tourism activity on local communities can be both beneficial and detrimental.

### Assessing the impact of tourism

3.20 It is important to assess the impact of tourism activity on local communities. This involves looking at the economic, environmental and social impacts of tourism activity. The effects of tourism activity on local communities can be both beneficial and detrimental. The effects of tourism activity on local communities can be both beneficial and detrimental.

3.21 More information is needed to assess the impact of tourism activity on local communities. This involves looking at the economic, environmental and social impacts of tourism activity. The effects of tourism activity on local communities can be both beneficial and detrimental. The effects of tourism activity on local communities can be both beneficial and detrimental.

3.22 All models depend on information from national and/or local surveys. A number of factors need to be considered in assessing the robustness of the information generated from such surveys. These include:

- The accuracy of the universe being included in the survey. Surveys seeking data from a resident population or passengers entering a country by air and sea can generally be relatively confident that they have an accurate count of people. Other survey universes may not be so easy to identify. Thus the total amount of accommodation available in an area is often difficult to identify given that some establishments such as informal camp sites or casual B&B accommodation may move in and out of the market.

- The degree to which the response to any survey is representative of the universe. Any survey may be subject to bias. That is, it may be that the way in which the estimate was produced will ensure that it is bound to be some distance away from the true (but unknown) value. A classic example of bias was the early use of surveys conducted over the telephone, which led to results biased in favour of the more affluent sections of society. Another example is the relative frequency with which different types of tourist are likely to be caught in on-street surveys, with business tourists and people visiting friends and relatives normally substantially under-represented compared to holidaymakers. Bias can not usually be measured, but we need to look out for the possibility that it is present, for example by examining any non-response patterns in surveys
- Another aspect of accuracy is the precision of the estimate. One way of thinking of this is to realise that repeating a statistical survey on a different sample of people, drawn from the same population, will invariably give a numerically different result. There are ways of measuring this inherent variability in statistical data, usually reported in terms of the standard error of the estimate. (This is why small differences in opinion poll results are sometimes described as having no statistical significance).
- The accuracy of the information supplied by survey respondents can also sometimes be a cause of uncertainty. In some cases this can arise as a result of imperfections of memory, such as those arising as a result of the length of time since the event on which information is being sought took place. In other cases, there may be reluctance to give an accurate response because of fears of confidentiality, or because information is not recorded accurately.

3.23 Thus there are potential sources of error in any model. In some cases it is possible to give an indication of the possible range through such techniques as the standard error of an estimate, whereas in other cases such measurements are not applicable. An awareness of the possible sources and an assessment of their significance is however essential in making judgements on the robustness and suitability of model outputs as a basis for policy development.

#### Current Development

3.24 A number of models have been developed to use local and/or nationally available information to generate estimates of activity in local areas. In particular two approaches have been relatively widely used to date, the STEAM and Cambridge models.\* Both of which may be described as statistical models rather than mathematical models. Both have acknowledged weaknesses, but provide estimates which would not otherwise be available. It is known that a number of other models are in the process of development but are not yet widely available in the public domain.

*\*Contact details are in the useful addresses insert.*

## 4. The Way Forward

4.1 This final section of the guidance note sets out some good practice in the development and use of local area tourism information systems. Getting the user requirement right will enable you to identify the data that you will need. We urge that the following good practice is followed, so that your requirements for local tourism data can be met effectively and efficiently. Only then can you be sure that your tourism policy and operations are being run and evaluated using data that are relevant, reliable and robust enough for the task in hand.

### Transparency

4.2 All local area information systems should be as transparent as possible, while respecting commercially confidential material and intellectual property rights. This can be achieved in a number of ways through, for example, writing up and presenting local area analyses, scrutiny by other users, the

tourism community, the government agencies etc. DCMS and the national tourist boards will continue to liaise with the local area tourism model providers, similarly to promote as open a culture as possible.

4.3 All data sources should be made explicit and routinely listed in reports. Any use of subjective judgement should be made explicit and any sensitivity analysis for such judgement should be reported.

### Identifying the gaps

4.4 Where gaps in basic data are identified, attempts should be made to collect information to overcome the problem. For instance, existing information on accommodation establishments will often be incomplete or out of date. It may be possible to use other data sources such as the rate valuation record of commercial premises and the register of caravan site licences to cross check particular aspects to identify or fill gaps in the record. The degree of effort to overcome deficiencies in basic information will need to take account of the significance of the gap in terms of the model outputs against the resources needed to collect the information.

### Comparability

4.5 It is desirable that estimates for one local area should allow some comparison with other areas, and for the same area over time. Such comparison will be greatly assisted by the adoption of standard terms and definitions. (Further guidance on such definitions is set out in the appendices). Information on the implementation of any local surveys which yielded data used in the modelling process should also be recorded to allow replication of the survey at a later date to allow comparisons over time.

### Reliability

4.6 All estimates should be accompanied by statements of associated standard errors wherever possible. The basis for the calculation of these errors should be explicit. Any use of subjective judgement in the calculation of such error should be made clear together with any sensitivity analysis for any such judgement of error should be reported.

4.7 Estimates should be based upon data collected according to good survey practice and avoiding unwelcome design effects, such as those introduced by clustering the survey at too few collection points. The data sources, sampling frames and sample sizes of all surveys used should be explicit. We strongly encourage the depositing of surveys with The Data Archive or with other appropriate organisations, so that they are available for re-analysis by others. A related point is that there are standardised questions for use in tourism surveys. These bring efficiency savings in the design of subsequent surveys as well as adding to comparability. There are also some standardised questions for use generally in social surveys. These are primarily intended to ensure that questions about basic demographic and household characteristics are harmonised with and between the major official surveys (further details of the tourism and the demographic questions are in the notes for further reading).

4.8 Survey and model estimates should be constructed to aim for the narrowest confidence intervals consistent with the requirements of the exercise and the resources available. Ideally, standard errors should not exceed 10% for any measure (which means that a difference of up to 20% from the true value would not be statistically significant). It should be noted however that where statistical models use a range of data sources, some of which contain an unknown element of bias as well as some uncertainty about the accuracy of survey data, the measurement of standard error may prove difficult and the outcome possibly misleading. In such circumstances, transparency in the construction and operation of the model becomes even more important.

### Local authority boundaries

4.9 Local areas should normally be defined according to local authority boundaries. One benefit of this is to ensure compatibility with those national tourism estimates that are required under the European Union Directive on Tourism Statistics to be supplied using areas defined by the 'NUTS' geography. (This aspect of good practice will be most beneficial when the current list of NUTS areas has been updated by the Office for National Statistics, including local authority boundary changes. Further details are given in the briefing note on the EU Directive included in this pack. The revised list of NUTS areas will be issued in due course).

4.10 It should also be recognised that outputs for non-standard areas will occasionally be needed for monitoring or supporting European Union or national programmes which do not use local authority boundaries.

### Alignment with national totals

4.11 As both a matter of principle and a pragmatic step, we recommend that local area estimates should be compatible with the published regional and national totals in the national statistical sources. We understand that estimates from the main local area tourism models can be aligned with published regional and national totals and we suggest that this provides a mechanism by which local area estimates can be seen and compared on the correct scale. National and regional totals from national surveys are themselves estimates which are subject to confidence limits. Estimates from a complete set of good quality local surveys covering a region might be more precise, as well as giving a richer local data set. However, they are still subject to confidence limits and better precision may not always be obtained. If local surveys depend on untested assumptions then alignment with national totals would remove one element of uncertainty, although it would not be reasonable to expect it to be done in the case of purely local exercises that are conducted to examine very local economic effects and for which benchmarking is not appropriate.

### Making the good practice work

4.12 As a result of our study and discussions we are clear on the need for and the value of good practice along the lines outlined above. We are equally clear that this good practice is demanding and that present practice may fall short, in particular over the treatment of the error and uncertainty inherent in models. We are therefore committed to continuing our dialogue with the providers and with users of local area information systems in order to raise standards and to reap the benefits for tourism policy and operations.

*If you have any comments on any aspect of this practical guidance then please get in touch with the Department for Culture, Media and Sport or one of the national tourist boards. Their addresses are given in the contacts list included in this pack.*

## Appendix 1: Accommodation categories for statistical purposes

This listing is based on the list used in the EU Directive on tourism statistics and may therefore provide a framework for the comparison of data when a breakdown by type of accommodation is required (eg of stock, arrivals, visitor nights, occupancy rates).

1. **Hotels and similar establishments:**
  - 1.1 Hotel/motel
  - 1.2 Guest house
  - 1.3 Farmhouse or other private house offering at least bed & breakfast
2. **Tourist campsites:**
  - 2.1 Camping site (*exclusively or predominantly tents*)
  - 2.2 Site for touring caravans
3. **'Holiday dwellings' (European phrase) meaning:**
  - 3.1 Holiday camp (*self catering/service*)
  - 3.2 Holiday village
  - 3.3 Site with static caravans (*owned by operator*)
4. **Other collective accommodation**
  - 4.1 Youth hostel
  - 4.2 University/school offering tourism accommodation
  - 4.3 Marina
  - 4.4 Establishment reserved for specified types of visitor (*workers, students etc*)
  - 4.5 Specialised health care or religious/spiritual establishment
5. **Private accommodation:**
  - 5.1 Rented self-catering accommodation
  - 5.2 Secondary residence (*houses, caravans, pitches and moorings*)
  - 5.3 Homes of friends or relatives
  - 5.4 Other types of accommodation

Note that private accommodation is not usually measured on the supply side. Tourism arrivals and occupancy rates will invariably only be available at most for hotels, campsites and holiday dwellings. Bedspaces are taken as four to a camping pitch.



### An Introduction to the Main Issues

*This is aimed at new or potential users of local area tourism statistics, or those who need an overview of the management issues. Details of publications and sources referred to are given in the separate note of useful addresses and suggestions for further reading.*

|   |    |
|---|----|
| 1. Management summary   | 2  |
| 2. Start by stating your requirements                           | 3  |
| 3. What information do you have to hand?                        | 4  |
| 4. Why do more? Addressing the tourism myth                     | 4  |
| 5. Defining tourism   | 5  |
| 6. The case for better tourism data                             | 6  |
| 7. Better local area tourism statistics:<br>a key point summary | 7  |
| 8. Some key variables   | 8  |
| 9. Check list of data that may be available locally             | 10 |

# 1. Management summary

1.1 There is considerable and growing interest in the impact of tourism in local economies. Victor Middleton's report for the British Resorts Association (BRA) identified many different types of activity for which local authorities need better management information about tourism at the local level. These range from the allocation of resources through planning, investment and marketing activities. We have a wealth of tourism statistics from national surveys, but these are not designed to give very local information. It would be very costly to redesign and to run these national surveys to give reliable data for local areas.

1.2 The need for local area information is not unique to tourism. The options available to provide local tourism data mirror what is done in other subject areas in order to build a local information system. Such systems call on a range of data sources and ensure their development. They involve building or applying a 'model' of interest in the local area, to produce estimates out of the statistics available. Some data may be collected locally, from surveys or other sources involving local administration. An alternative approach to the application of a model is to concentrate effort on collecting local data as the compiling of the information needed for a local tourism activity.

1.3 The advice given is to ensure good data production and information on tourism. It covers many aspects of any tourism policy, which can be run on data that are reliable and enough to meet the demand. This guide is not intended to provide a detailed system, nor is it presented on a broad basis to follow the BRA report content. It mainly covers the main approaches and provides ways to follow the BRA report content. It mainly covers the main approaches and provides ways to follow the BRA report content. It mainly covers the main approaches and provides ways to follow the BRA report content.

1.4 It is not appropriate for the Department for Communities and Local Government (DCLG) to recommend one approach over another. The choice is determined to meet local needs. The role is to ensure good practice in the delivery of local data, including the use of statistical variables.

1.5 Good practice in the selection and development of local tourism information systems involves a number of key factors:

- i. First, what are the needs for local tourism information? What are you doing, and why will you need it? How will you collect, manage and report on it?
- ii. What staff and financial resources do you have to gather the necessary data, to extract the relevant information, and to undertake, manage and report on all aspects of the work that will need to be done?
- iii. Always take stock of the information that is already available and which may be relevant to your latest needs. It may be particularly useful to contact your local tourist board for any relevant information.
- iv. Look carefully at the different kinds of solutions that are on offer to help you build a local tourism information system. There are products known as local area 'models' (although one is actually called a monitor not a model). We need to be careful in understanding what is meant by a model. In this context, a model produces estimates of local tourism volume and value on the basis of available data and of assumptions about the relationship between that data and tourism activity. A model is essentially a set of equations expressing relationships, but these are not necessarily exact mathematical relationships such as those that apply in physical laws. It is important to be aware of the variability inherent in local area models and to try to determine the

limits of uncertainty. The aim should be to produce data that are fit and relevant for the purpose to which you are putting them.

v. A local tourism information system needs to be based on sound and agreed definitions with a clear statement of those aspects of tourism that are included and those that are excluded. In this guide, 'tourism' is not restricted to trips involving at least one night away from home. Day visits are an important part of tourism but pose their own set of questions when considered as part of the local tourism information system. Visits to friends and relatives also need to be considered, as do business and work-related trips.

vi. We recommend some key variables and standard definitions that should be used regardless of the type of local information system in use (see the practical guide included in the pack).

ii. We recommend a number of specific activities in the use of local area tourism statistics (see the practical guide included in the pack).

# 2. Stating user requirements

2.1 The first step in stating user requirements is to establish the overall aim and objectives of the work. This should be to produce a 'user requirement' document. The document should state the overall aim and objectives of the work. It should also state the reasons for the work and what is to be achieved. The document should also state the reasons for the work and what is to be achieved. The document should also state the reasons for the work and what is to be achieved.

**Reliability:** How accurate do you need the information to be? How often will you need to collect the information?

**Timeline:** When do you need the information? How long will it take to collect the information?

**Participants:** Who will be using the information? Who will be providing the information?

**Cost:** How much do you need to spend? What resources will you need?

**Comparison:** How does your information compare with other information? How does it fit with other information?

**Frequency:** How often do you need the information? How often will you need to collect the information?

2.2 In setting out a user requirement, and in looking at the suitability of sources of data, you should also bear in mind that tourism visits are often defined in terms of the main purpose of visit. Main purpose is conventionally grouped as follows and you should state which, or all, types of visit you are covering:

- Leisure, recreation and holidays: including sight-seeing, shopping, attending sporting and cultural events, going to the beach, etc.
- Visiting friends and relatives (VFR).
- Business and professional reasons: installing equipment; sales visits; attending meetings, conferences, trade fairs; professional sports activities; paid study, education and research, such as university sabbatical leave; language, professional or other special courses in connection with the visitor's business or profession.

- All other reasons: include visits for health treatment, attending religious events or retreats, pilgrimages, miscellaneous trips.

2.3 In light of your user requirement you will need to consider what staff and financial resources you have to undertake, manage and report on all aspects of the work that will need to be done. To be effective, this work needs to be closely integrated with tourism policy and operations. The necessary data will have to be collated from existing sources and perhaps collected in new surveys (for example of accommodation occupancy). All of this will give you some results, from which you will need to extract relevant information to draw conclusions. These, in turn, need to be fed into your action programme. The final stage in the cycle is to evaluate the programme and to draw up a revised action plan, as appropriate.

### 3. What information do you have to hand?

3.1 We strongly encourage you always to take stock of the information that is already available and which may be relevant to your latest needs, before setting out to gather new data. The national tourist boards and the Office for National Statistics may already be able to provide some of the information you are seeking, because some data from the main tourism surveys – the UK Tourism Survey (UKTS), the UK Day Visits Survey (UKDVS) and the International Passenger Survey (IPS) – are available down to county or equivalent level.

3.2 It is worth checking what local surveys have been conducted in tourism and related subjects, such as travel patterns and transport usage. Information about tourism facilities, including accommodation, may be available from local administrative sources. The national tourist boards publish a list of tourist attractions, including visitor numbers. Contact details are given in the accompanying sheet in the guidance pack.

3.3 We give some more details, in section 9 of this note, of what might be to hand in your local area.

### 4. Why do more? Addressing the tourism myth

Before we look in more detail at local area tourism statistics, does the following sound familiar to you?

#### *“Tourism data is not considered credible”*

The myth exists at least in some quarters that tourism is a frivolous activity without any real economic benefits. Historically, different estimates of tourism activity and its impact on the economy have given widely different figures. While much worthwhile work has been done, a lack of consistency and standards in measuring tourism has helped to contribute to the impression that many tourism estimates are suspect.

Individual tourist destinations have had little hard information to counter potential investors’ views that tourism is, at best, a ninety day phenomenon and, more likely, that tourism only lasts for sixty days each year.

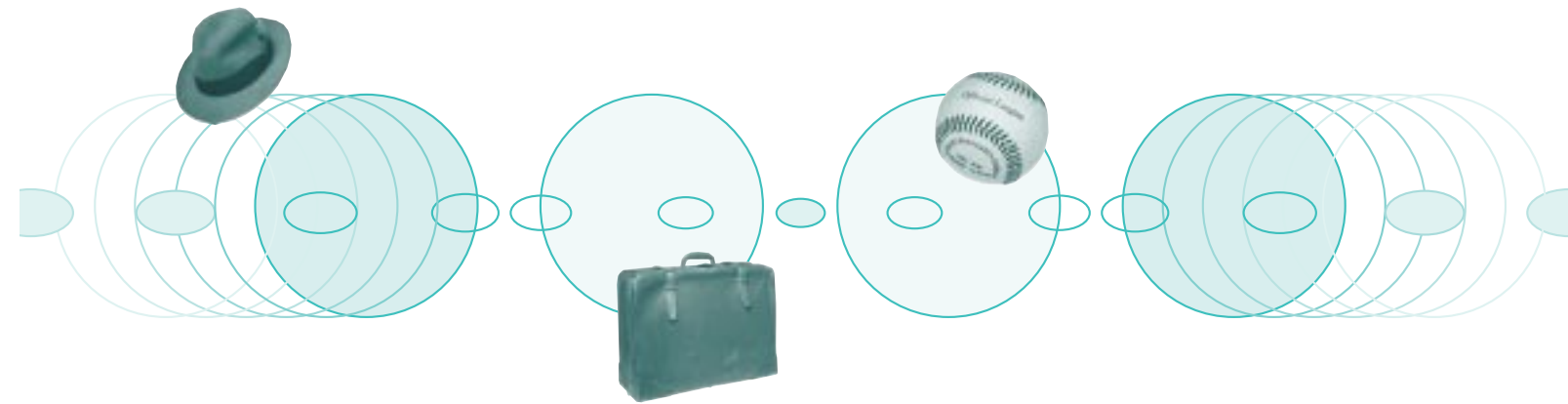
This lack of availability and reliability of tourism statistics has not encouraged some industry or political leaders at local levels to give the industry the serious attention it deserves.

#### *“What is tourism anyway?”*

There is no such thing as ‘the tourism industry’. It does not have a discrete form and no single concept of the industry has been developed and accepted by all industry participants.

Within the tourism industries – transportation, accommodation, entertainment, retail, catering, and other activities – each has developed its own definitions, classifications and methodologies for data collection. The result is that there is little commonly understood or commonly usable communication of tourism statistics. Most attempts at defining tourism have revolved around the definition of the user – the so-called ‘tourist’. Each industry again describes the tourist user differently as guest, customer, passenger, visitor, client, and so on. This, too, has not helped in presenting a clear and coherent picture. Furthermore, in each of these industries tourism represents only part of the use of available capacity.

Because of this, the value and volume of tourism demand is often underestimated, which can limit the full analysis of demand potential and consequent development.



### 5. Defining tourism

The internationally agreed definitions of tourism go beyond the concept of tourists as being the same as holidaymakers, and say that:

- 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. *(United Nations and World Tourism Organisation recommendations on tourism statistics.)*

The international definitions distinguish Tourists, who stay at least one night, and Visitors, who do not. For the purposes of measuring the local value of tourism, however, it is both appropriate and the common practice to include within ‘tourism’ both staying and day visitors. In this guide therefore the term encompasses both types of visitor.

However, across all levels issues exist concerning acceptable and practical definitions of a number of elements even within this apparently clear definition of tourism. These are discussed further in the practical guide included in this pack.

Day visits are one of the most difficult aspects of tourism to define and to measure. We recommend that the definition that best captures the ‘outside usual environment’ concept underlying all of tourism is that day visits are:

- visits taken for leisure or business purposes
- lasting for three or more hours away from home
- and not undertaken on a regular basis  
(but note that day visits are defined on a different basis from this in the context of the Standard Spending Assessment. It is then the number of visits into an area, made by people living outside it, that is estimated).

## 6. The case for better tourism data

6.1 The case for better tourism data obviously relates to the needs for such data. Four major categories of user needs exist:

### Advocacy and

- Planning and
- Investment
- Human resource development, including education and

Data are collected at the national or regional level to establish economic and social indicators for strategic planning. National policy and decisions, as well as local or regional policy of central government. Such national data are disaggregated into local or regional data, but they may be suspect because of sampling variability that may be introduced, for example, by the way in which national data are derived from sample surveys which were designed to be accurate. On the other hand, information gathered locally to meet local needs can also be suspect if, for example, it turns out to be biased.

Tourism is essentially a local or 'micro' phenomenon. The combination of a tourism destination and a tourism destination produces further difficulties. The synergy between specific components of tourism can lead to a gross underestimation of the overall value of tourism. The whole is more than the sum of its parts. But this information is often lost in the process of aggregation and impact.

## 7. Better local area tourism statistics: a key point summary

### 7.1 Why tourism research?

- Why tourism research?
- Advocacy and public awareness
- Planning and marketing
- Investment, operations and management
- Human resource development, including education and training

### 7.2 Today's situation in many local areas

- Today's situation in many local areas
- Lots of surveys are carried out
- Much information is gathered
- Lots of national statistics are used
- Gives a good feel for the state of tourism
- Nothing concrete and solid

### 7.3 Local area statistics

- Data
- Rich
- Information
- Poor
- Syndrome

### 7.4 Data must become information

#### Data

Counters  
Attendances  
Surveys  
Statistics

A MODEL

#### Information

Revenue generated locally from tourism  
Tourist days and numbers  
Extra traffic generated by tourists  
Employment supported by tourism

### 7.5 Information must be

- Credible
- Comparable over time and ideally between areas
- Compatible (internally)
- Timely
- Measurable, with known margin of error
- Accurate enough to be fit for purpose
- Actionable
- Affordable: there is invariably a trade-off between accuracy, timeliness and cost.  
Standard definitions and standard concepts are desirable though not always achievable.



## 7.6 Credibility

Local area statistics can be used to support

- Grant applications to EU, Lottery and Government
- Local tourism budgets
- External investment projects
- Planning applications
- Local Plan formulation
- Police and Fire Brigade budget submissions

## 7.7 Modelling tourism?

- Why?
- Who wants to know?
- What do they want to know?
- We already know all there is to know

## 7.8 What must a model do?

- Measure tourism and its impact on an area
- Make comparisons from one time period to another
- Make comparisons from one place to another
- Be credible at national and international level  
(*Comparability with other sectors desirable, but difficult*)

## 7.9 What should a model do?

- Monitor trends
- Reflect the nature of local tourism in all its aspects
- Identify local peaks/troughs
- Help decision making and forecasting
- Evolve with local tourism industry

## 8. Some key variables

8.1 In this section we include a list of key variables that will be needed to assess the level of tourism activity during a given period (and which can then be rolled forward to look at changes over time). Some standard definitions and classifications are given in the companion document, the practical guide, in order to build comparability with national statistics and with those for other EU Member States now being compiled under the Tourism Statistics Directive.

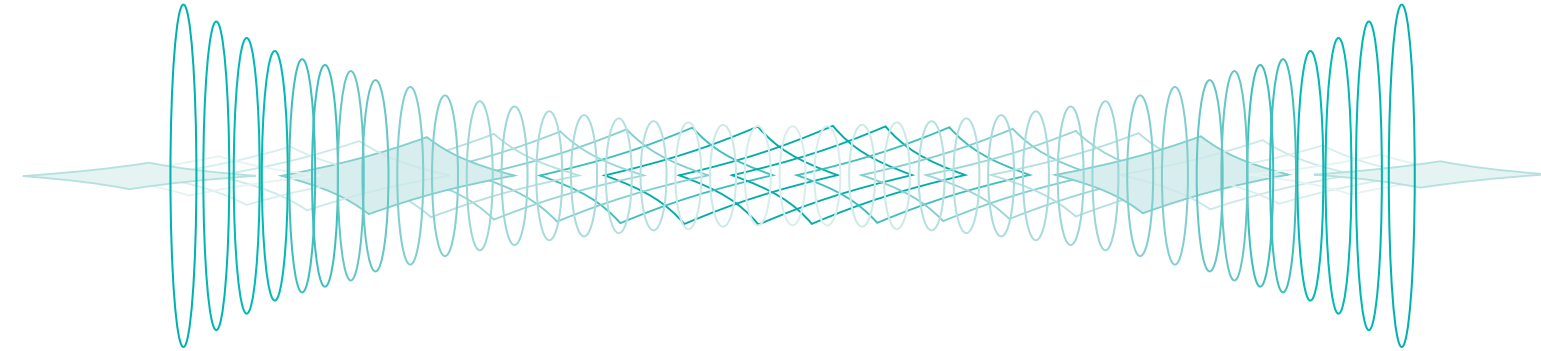
8.2 Information on tourism activity may be required for a range of purposes, eg to assess the economic impact and contribution that tourism makes to the local economy, the environmental impacts of tourism activity or the benefits and disadvantages for local communities. However a starting point for considering these specific elements has to be an assessment of the volume and value of tourism activity in the area.

### Volume and value

8.3 The volume of tourism in any particular area will depend on the capacity of the area, represented by the stock of facilities and infrastructure available to the tourist, and by the level of use made by visitors (*as opposed to local residents*) of that stock. It will be helpful therefore to consider the supply

of tourism facilities available at a given point together with the use made of the facilities (*tourism demand*). See tables 1 and 2 overleaf.

8.4 Also on the supply side, it may be helpful to classify the area by type, in order to make comparisons with areas of a similar type. One such classification is the ONS classification of local and health authorities of Great Britain, in which families, groups and clusters of areas are presented (details are in the suggestions for further reading, included in the pack). It may also be helpful to define and classify the main catchment areas for inbound tourism.



### Economic effects

8.5 Indicators of the economic effects of tourism activity in the local area are likely to include estimates of local income, jobs and business linkages. The direct measurement of tourism activity, especially of tourism expenditure, presents only a partial picture of the economic impact of the tourism activity in an area:

- The gross *direct* economic impact of tourism is the total value of tourism spending in the area. This covers the 'front-line' effects, looking at tourism spending in hotels, restaurants, shops, taxis, ie any business that receives visitor expenditure directly. The net direct impact however needs to take into account the value of goods and services that are imported into the area in order to supply the tourist with goods and services.
- *indirect* effects arise from the generation of economic activity by subsequent rounds of expenditure (eg as hotels purchase food and drinks from local suppliers and use the services of local laundries, builders, banks, utility companies etc). Not all these effects will arise in the local area since some such expenditure will go to suppliers elsewhere in the region or nationally.
- *induced* effects arise from the spending of income accruing to local residents from wages and profits during the direct and indirect rounds
- *leakages* of expenditure out of the local economy: such as savings and taxation, as well as the costs of imports of goods and services from outside the area already mentioned above
- *opportunity costs*: to take into account the cost of using scarce resources for tourism as opposed to alternative uses, as for example spending on the provision of tourist information centres, car parking and other facilities used by visitors. When tourism substitutes one form of expenditure and economic activity for another, this is known as the displacement effect.
- *investment activity* arising from capital investment in new facilities for visitors by private or public sectors (which also involve some consideration of opportunity cost).

8.6 These are complex issues. There is guidance from HM Treasury on economic impact assessments (details of guidance in the context of regeneration projects are given in notes for further reading). Employment effects are similarly difficult to measure precisely, but one simple approach is to track employment in 'tourism related industries' (see the practical guide).

Table 1

| Supply side items              | Key variables (see practical guide for definitions and classifications)   |
|--------------------------------|---|
| Stock of tourism accommodation | Number of establishments on reference dates (eg open peak/low seasons)<br>Capacity (number of bed places or units)            |
| Visitor attractions            | Number open on reference dates  |
| Tourist services               | Number of tourism information centres, information points, accommodation booking agencies, travel agencies and tour operators |
| Resident population            | At reference dates to estimate the number of inbound visitors in the area   |

Table 2

|                                       |  |
|---------------------------------------|--|
| Inbound trips                         | By month of departure from area, length of stay, purpose of visit, home location, main mode of transport used to reach area, transport used within area, main type of accommodation used while in area |
| Domestic trips                        | By month of end of trip, length of stay away from home, purpose of visit, home location, transport used within area, main type of accommodation used while away from home                              |
| Arrivals at tourism accommodation     | By month, type of accommodation; separately for overseas, other inbound and domestic arrivals  |
| Nights spent at tourism accommodation | By type of accommodation; separately for overseas, other inbound and domestic arrivals   |
| Occupancy rates                       | Separately for hotels (and similar establishments) and for other collective accommodation establishments   |
| Tourism spending                      | In total in the area, and for main components (accommodation, travel, catering, admission charges, other), separately for package trips and for all other trips  |
| Inbound tourists (people not trips)   | Profiles such as sex, age, life cycle stage, socio economic group  |
| Domestic tourists (people not trips)  | Profiles such as sex, age, life cycle stage, socio economic group  |

## 9. Check list of data that may be available locally

### 9.1 Stock of tourist accommodation

- National or regional tourist board listings of all known establishments: these listings are usually in the form of computer print-outs showing the name and address of each establishment and its number of rooms and beds. There are separate reports for self-catering and camping establishments

and for group accommodation such as youth hostels and university residences. The computer data are usually incomplete and require to be checked against tourist guides, Yellow Pages in some cases, and personal knowledge gleaned from industry contacts and TICs.

- Establishments should be categorised according to size and type so as to identify business use, special characteristics such as coach parties or patronage by golfers, or rating classification.
- Establishments should also be analysed by months of opening so that the seasonal pattern of bed stock availability is clear.

**Key point:** No comprehensive list of accommodation is universally available; therefore you need to consult all sources to ensure that your local list of accommodation is as comprehensive as possible. This should be done at least annually.

### 9.2 Occupancy rates

- Occupancy rates should be obtained from the regional or national boards that run the occupancy surveys. These should be discussed with the supplier. Rates are not necessarily available down to local areas. You need to check that the available rates are appropriate for your area. They will not be accurate if your accommodation mix is markedly different from across the area for which the rates were derived.
- Appropriate occupancy rates can be applied to the bed stock each month to establish the tourist nights (done separately for each category of accommodation).

### 9.3 VFR (Visiting friends and relatives)

- The size of the local population needs to be established and its ethnic and other characteristics considered.
- National surveys, such as UKTS, can be used as a guide to the pattern of VFR, but the attractiveness of the your area as a leisure destination must be taken into account when setting the incidence of VFR visiting at the local level.

### 9.4 Day visiting

- Extensive listings can be accessed of all known tourist attractions and events, including sporting events and festivals. Listings are relatively easy to source. It is more difficult to find data on attendance. The national tourist boards undertake annual visitor attractions surveys but these generally do not cover one-off events or festivals.
- Traffic count data can be obtained from highway authorities and other organisations, such as the National Parks, which can contribute to the overall day visitor analysis.
- Local visitor surveys should be obtained and comparison made with similar surveys elsewhere but the special features of each area must be considered. Local visitor surveys can provide information on profile characteristics. However, it is relatively costly and difficult to gather data on total volume and value. In effect you need to set up a statistical cordon around an area and survey a representative sample of people crossing the cordon.
- In practice, as many sources of information as possible should be sought (eg trends in enquiries at TICs) to build up a local picture.

**Key point:** Day visits are difficult to define and to measure. Estimates of day visiting can be made, using sources such as those outlined above. Wherever possible, figures for your area should be compared and corroborated by comparison with the results for similar areas. Day visitor numbers should be monitored monthly.

#### 9.5 Staying visitors: tourist nights and tourist numbers

- You need to bear in mind that the number of tourists staying during a given period is not the same as the number of bed nights that are counted or estimated: length of stay is relevant in order to identify the number of different tourists.
- Average length of stay is provided from some occupancy surveys. Comparisons can be usefully made with national surveys for benchmarking.

#### 9.6 Rates of daily expenditure by tourists

- Capturing the average spend per day (for day visitors) or per night (staying visitors) through tourist surveys is complex. There is some information available from the national surveys on the composition and level of spending, which can be adjusted using local information. Note that national survey data on spending may include spending on travel to and from a destination area. The average spend per night will not necessarily be the same as the average spend within a local area per night.
- Alternatively, local estimates can be built up by applying local prices to the known volume of visitor traffic. For example, hotel tariff information can be obtained from tourist guides and checked by telephone research so as to establish levels of discounting from rack rates. *(In some cases it is vital to consider the use of different tariffs for weekdays and for weekends).* This can then be applied to the tourist numbers staying in hotel accommodation.
- Visitors staying overnight in your area may spend time outwith the area and so this should be taken into account. Similarly, you may have inflows of day visitors, who stay overnight elsewhere, to add into the consideration.

#### 9.7 Traffic implications

- Mode of transport used within the area, as well as to travel to and from the area, must be considered. These may vary according to the type of tourist. National survey results might give some indicators, if local surveys are not available.
- One specific variable needed is the average party size per car, coach etc, if the only counts available are of vehicles or of visitor numbers. Special surveys can be conducted to establish the distribution of numbers of people per vehicle.

#### 9.8 Employment

- Some sub-regional estimates of numbers employed in tourism-related industries are available from NOMIS (National Online Manpower Information System) at the University of Durham. Some data are available quarterly from NOMIS, which allows the marked seasonal patterns in tourism employment to be taken into account.
- There may be local business surveys which give average numbers of core staff per type and size of establishment. Employment can be estimated by applying these averages to the local stock data.
- In the main local area tourism models, adjustments are made to adjust the core staff in accordance with occupancy percentages above certain thresholds. This takes account of the times when temporary or part-time staff will be required.
- Employment resulting from tourist expenditure upon food and drink, recreation and leisure, shopping and transport, is more the stuff of 'multipliers' than direct estimation *(discussed further in the practical guide in the pack).*

## Measuring the local impact of tourism:

### Some useful addresses and suggestions for further reading

#### 1. Some useful addresses

##### 1.1 The two main suppliers of local area tourism models are:

Geoff Broom Associates – The Cambridge Local Area Tourism Model  
contact – Geoff Broom  
Geoff Broom Associates  
Youldens Haberton Ford, Totnes, Devon, TQ9 7TR  
Tel: 01803 868 628  
Fax: 01803 868 240

Global Tourism Solutions (UK) Ltd – The Scarborough Tourism Economic Activity Monitor (STEAM)  
contact – David J James  
Managing Director  
Global Tourism Solutions (UK) Ltd  
2 Barleycroft, Filey Road, Scarborough, North Yorks YO11 3AR  
tel: 01723 506 310  
fax: 07070 605530  
email: gtsuk@link-connect.co.uk

##### 1.2 Advice on local area tourism models is also available from:

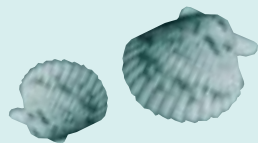
Barrie Foster & Associates  
The Old Coach House, Mathry, Haverfordwest, Pembrokeshire SA62 5HB  
Tel/fax: 01348 831 081

Centre for Leisure and Tourism Studies (CELTS), University of North London  
277–281 Holloway Road, London N7 8HN  
tel: 0171 753 5065  
fax: 0171 753 5051

Centre for Urban and Regional Development Studies (CURDS),  
University of Newcastle, Claremont Bridge, Newcastle Upon Tyne NE1 7RU  
tel: 0191 222 8014  
fax: 0191 232 9259

Institute for Employment Research – The Local Economy Forecasting Model  
University of Warwick, Coventry CV4 7AL  
tel: 01203 523 523  
fax: 01203 524 241

School of Management Studies, University of Surrey  
Guildford, Surrey GU2 5XH  
tel: 01483 259 656  
fax: 01483 259 387



School of Service Industries, Bournemouth University  
 Talbot Campus, Fern Barrow, Poole, Dorset BH12 5BB  
 tel: 01202 595 158  
 fax: 01202 595 228

Department of Hospitality and Tourism Management, Napier University of Edinburgh  
 Craighouse Road, Edinburgh EH10 5LG  
 tel: 0131 455 6234  
 fax: 0131 455 6190

This is not an exhaustive list and you may find it helpful to contact local universities and colleges if they are not listed above. They may provide advice on the local economy generally, if not on tourism.

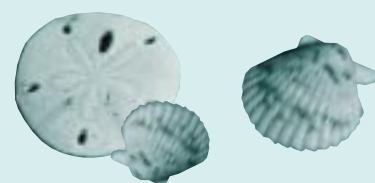
**Contacts on local**  
**al tourist boards**  
 Paul Allcock  
 Chief Secretary  
 Department of Culture, Media and Sport  
 Room 602  
 2-4 Cockspur Street  
 London W1A 1JH  
 tel: 01753 47343  
 fax: 01753 473807  
 email: paul.allcock@compuserve.com

Brian Hogg  
 Head of Research  
 Scottish Tourist Board  
 3 Ravenscroft Terrace  
 Edinburgh EH3 3EU  
 tel: 0131 552 433  
 fax: 0131 552 023  
 email: brian.hogg@stb.gov.uk

Research

tel: 0181 563 3052  
 fax: 0181 563 3058  
 email: srigby@etb.org.uk

Steve Webb  
 Director of Research & Corporate Planning  
 Wales Tourist Board  
 Brunel House, 2 Fitzalan Road  
 Cardiff CF2 1UY  
 tel: 01222 475 224  
 fax: 01222 475 323  
 email: steview@tourism.wales.gov.uk



Pamela Wilson  
 Research Manager  
 Northern Ireland Tourist Board  
 St Annes' Court, 59 North Street  
 Belfast BT1 1NB  
 tel: 01232 895 517  
 fax: 01232 240 960



#### 1.4

**NOMIS** is the Office for National Statistics' on-line labour market database, containing information on employment, unemployment, Jobcentre vacancies, population etc. It is run under contract by the University of Durham. For further information contact:

0191 373 6114/6086  
 0191 373 6114/6086

It is a valuable company, specialising in human resources. It is a leading provider of location, social and economic data. It is a leading provider of location, social and economic data. It is a leading provider of location, social and economic data.

The Data Archive  
 University of Essex  
 Wivenhoe Park  
 Colchester  
 Essex CO4 3SQ

01201 336001  
 Fax: 01201 336003  
 Email: data@essex.ac.uk  
 URL: http://www.data.ac.uk

## 2. Suggestions for further reading

2.1 The material in this guidance is drawn from a number of sources. "Measuring the Impact of Tourism" a report by the European Sports Association by Victoria T C Middleton, Manchester, 1995, ISBN: 0 528123 04 (£19.99)

"Tourism Statistics" a report by the Department of Tourism and Leisure, Northern Ireland Tourist Board, 1998

"Local tourism information: guidelines for market research" a report for Scottish Enterprise by System Three Scotland, May 1994

"Recommendations on Tourism Statistics" United Nations and World Tourism Organisation, UN Statistical Papers, Series M No. 83, New York, 1994, ISBN: 92-1-161362-0

"Community methodology on tourism statistics" Eurostat, European Commission, Office for Official Publications of the European Communities, Luxembourg, 1998, ISBN: 92-828-1921-38 (ECU 26)

"Tourism principles and practice" Chris Cooper, John Fletcher, David Gilbert and Stephen Wanhill, Longman Group, 1993, ISBN: 0-582-28694-8 (£19.99)

"Survey research practice" Gerald Hoinville, Roger Jowell and associates, Heinemann Educational Books, 1982, ISBN 0 435 82418 X (£4.95)

"Harmonised Concepts and Questions for Government Social Surveys", Government Statistical Service, Office for National Statistics, London, 1996, ISBN 1 85774 233 8 (£10)

"Harmonised Concepts and Questions for Government Social Surveys – update December 1997", Government Statistical Service, Office for National Statistics, London, 1998, ISBN 1 85774 262 1 (free)

"Standardised Questions for Tourism Surveys", Scottish Tourist Board, Edinburgh, 1997, ISBN 0 85419 524 6 (£15)

## 2.2 Further discussion of economic impact assessments and of policy evaluation can be found in:

"A framework for the evaluation of regeneration projects and programmes", Housing and Urban Policy team, HM Treasury, London, January 1995

"The economic impact of recreation and tourism in the English countryside", Report of joint Rural Development Commission/Countryside Commission study by Geoff Broom Associates and Cambridge Policy Consultants, Published by Rural Development Commission, Salisbury, 1997

"Measuring the impact of festivals: guidelines for conducting an economic impact study", Prepared by the National Centre for Culture and Recreation Statistics, Australian Bureau of Statistics, Published by the Statistics Working Group of the Cultural Ministers Council, April 1997, ISBN 0 642 27105 4

"An Evaluation of Garden Festivals", Report by PA Cambridge Economic Consultants and Gillespies for Department of the Environment, Inner Cities Research Programme, HMSO, London, 1990, ISBN 011 752279 1

"Use or ornament? The Social Impact of Participation in the Arts", François Matarasso, Comedia, Stroud, 1997, ISBN 1 873667 574

"How the Arts Measure Up: Australian research into social impact", Deidre Williams, Comedia, Stroud, 1997, ISBN 1 873667 426

## 2.3 Reference volumes mentioned in the text include:

"Visits to Tourist Attractions 1997", prepared by Max Hanna for BTA/ETB Research Services, London, May 1998 (£19.50)

"The ONS classification of local and health authorities of Great Britain" by Merryl Wallace and Chris Denham, London: HMSO, 1996, ISBN 0 11 6916540 (£34.95)

"European Classification of UK Geographic Areas: New regional structure for the United Kingdom", Office for National Statistics, News Release ONS (98) 199, 29 June 1998. Office for National Statistics, 1 Drummond Gate, London SW1V 2QQ (telephone public inquiries: 0171 533 6363)

