

Tourism in the South West, its impacts and the relevance of Bristol International Airport

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Introduction

This paper examines tourism in the South West region both domestic and inbound from overseas, including the modes of transport, use of accommodation and expenditure. It also compares this with the growth of Bristol International Airport (BIA).

Summary

The following points show there is strong evidence that previous expansion at BIA has meant lower domestic tourism income and has only partly compensated for this by bringing inbound tourists. Future expansion would continue this pattern, taking money away from the South West tourism, leisure and other sectors.

- Between 2001 and 2007, the tourism income to the South West region fell by 10% in real terms. At the same time the UK GDP grew by 16%, thus the sector fell behind the rest of the economy by 25%
- The number of tourism related direct jobs in the South West dropped by 14.6%, a loss of 44,761 full-time jobs
- For the former Avon area the drop was 11.4%, a loss of full time 3,340 jobs.
- Over the same period the passengers at BIA doubled, with over 60% outbound tourists and only 10% inbound tourists
- Over 80% of tourism trips and 82% of spending from stays in the South West are domestic,
- Including day trips, 86% of tourism spend in the South West is by UK citizens.
- For domestic visitors, over 80% arrive in the South West by car and only 2.4% by plane.
- Of the visitors that are from abroad, only 15% reach the South West through BIA, most use airports in the South East or surface transport.
- The currently weak pound has increased outbound costs and decreased inbound ones, but overall this has reduced total passenger numbers.
- In 2009, when air passengers have fallen by 10%, attraction visitor numbers and incomes are up 10% in North Somerset, and up generally across the country.
- Overseas inbound tourists generate a tiny fraction of the tourism income of the South West.

Data sources

All of the figures used in this report are from public sources. The major publications are:

Civil Aviation Authority (CAA) annual passenger numbers for BIA (www.caa.co.uk)

CAA Passenger surveys covering BIA for years 2000, 2003, 2008

South West Tourism "Value of Tourism" reports for years 2001, 2003, 2005, 2006, 2007 (no

others available) (from www.visitsouthwest.co.uk or www.swtourism.org.uk)

United Kingdom Tourism Survey for South West (www.swtourism.org.uk)

International Passenger Survey (www.ons.gov.uk)

State of Tourism report 2003 (<http://towards2015.co.uk/downloads/StateofTourism.pdf>)

SW occupancy rates data (www.swtourism.org.uk)

Because some reports are not prepared annually, where gaps appear in the data we have used linear interpolation between the two existing reports. There is no extrapolation.

Tourism in Former Avon

The Value of Tourism report gives figures for the South West as a whole and for each county region. For BIA, 85% of passengers are coming from or destined for the South West, 47.7% to/from the former Avon and 11.7% to/from Somerset. It is reasonable therefore to look at tourism impacts both at the regional and county level.

Note that this is for visits requiring at least one night's stay in the South West away from home – so a large amount of domestic day trip expenditure is not covered here.

If we look at the leisure trips made to the former Avon we see the following:

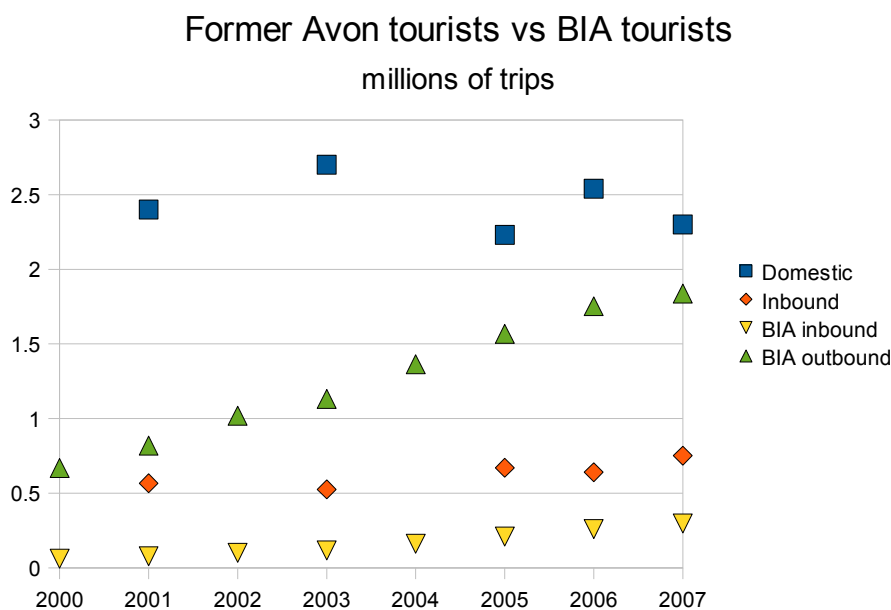


Illustration 1: Tourists in the former Avon

Points to note from this:

- 1) the number of trips made by domestic tourists is around five times higher than that made by tourists from overseas
- 2) the number of overseas visitors even to this one county area is more than double the number of inbound tourists at BIA. As the other airports in the South West are far smaller than BIA (and handle even less foreign passengers) it is clear that a large fraction of the international visitors to the area come from airports in the South East or by surface means.
- 3) the number of outbound tourists has risen far faster (in terms of millions of trips) than has the number of inbound ones
- 4) the number of domestic trips has been flat or falling while tourism by UK citizens abroad

has been rocketing

Tourism in the South West

The vast majority of tourism visits and spending in the South West is domestic (ie UK citizens visiting the UK). In 2007, the total tourism spend in the South West was £4.6 billion (again excluding daytrips) and £3.8 billion of this was domestic being 81.9% of the total. A further £4.2bn was from day trips which can safely be assumed to be almost entirely domestic. The fraction that is due to inbound foreign tourists was 9% and little of this came through BIA.

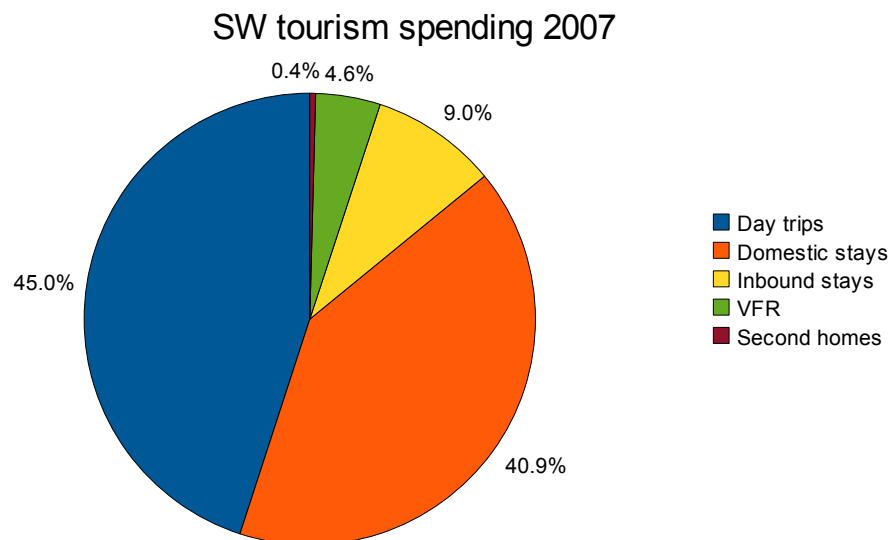


Illustration 2: 2007 tourism spend from SW Value of Tourism report

In 2001, the Value of Tourism report stated that there were 148 million day-trips to the South West with spending of another £3.77 billion of which 72% was in urban areas, 18% in the countryside and 9% at the coast. By 2007, the number of day trips had fallen to 96 million, and domestic stays had fallen from 90m nights to 80m. The rise in inbound tourism only partially compensated for this (an extra 4.4m nights versus a loss of 10.4m). More importantly, because of inflation the value of this tourism in terms of jobs dropped considerably.

Jobs

The indirect and induced jobs numbers are more dubious than the direct ones, but both the direct and the total jobs in the South West show considerable drops between 2001 and 2007 despite the first being in weak economic conditions and the latter being at the peak of a boom. The drop in direct jobs in the South West in that period is 14.6%, or a loss of 44761.

For the former Avon area, the FTE jobs in 2001 were estimated to be 29,334 but in 2007 to be only 25,994, a loss of 3,340 jobs or a drop of 11.4%.

The rise in outbound tourism is the most likely cause for the diversion of spending and trips that would otherwise fuel jobs in the South West tourism economy.



Illustration 3: SW tourism jobs from Value of Tourism reports

The reports estimate direct jobs due to staying and day trip visitors and those jobs in different fields including accommodation and retail. These show that around 40% of direct jobs are due to day visitors, most of whom will be UK citizens. The jobs by sector in 2007 were split thus:

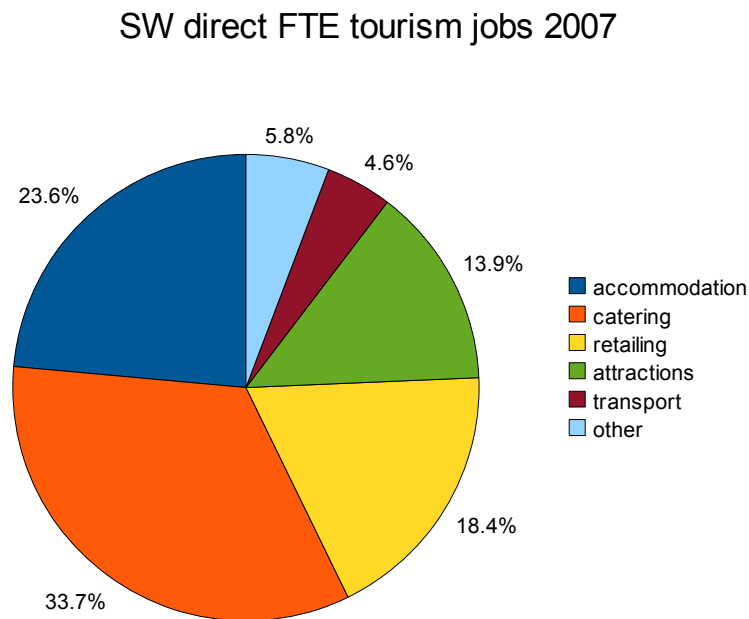


Illustration 4: South west tourism jobs by sector

Between 2001 and 2007 all of these sectors lost jobs, with catering dropping 22%, accommodation dropping 18% and retail dropping 11%. Attractions and entertainment held up the best with only a 3% drop, probably due to day visits being less impacted than staying visits. Day visit related jobs dropped by 13% versus 20% for staying visits.

The State of Tourism report estimates that 16,600 accommodation establishments operated in the South West in 2002. These provided 163,000 bed spaces.

There are also around 1000 “attractions” (from museums and zoos to boat trips). Businesses were surveyed to see which sort of visitors contributed to their income:

	Hotels	B&Bs	Self catering	Holiday parks	Attractions	Total
local residents and their visitors	6.7%	10.7%	4.4%	5.8%	36.1%	12.7%
UK short break takers	35.5%	42.4%	11.0%	30.0%	16.0%	27.0%
UK holidaymakers	21.2%	20.1%	76.8%	55.9%	23.1%	39.4%
Overseas visitors	6.8%	13.5%	5.7%	6.7%	10.0%	8.5%
Groups	6.9%	0.8%	0.2%	0.7%	11.0%	3.9%
Business and conference visitors	20.5%	9.4%	0.6%	0.2%	0.7%	6.3%
Others	2.4%	3.0%	1.2%	0.7%	3.0%	2.1%

This again shows that the overseas market is very small compared with the domestic one, and in particular the region's dependence upon income from “UK short breaks” which is the very sector likely to be worst hit by increased outbound tourism on low-cost flights, as those are predominantly for short breaks as well.

The South West Tourism Occupancy Survey shows that occupancy by overseas guests has fallen from 14% in 2000 to 11% in 2007 (and crashed to 3.6% in 2008, presumably because of the recession).

Staying visitors contributed £546m to the former Avon area in 2007, and day visitors contributed a further £743m. In 2001 staying visitors spent £522m and day visitors spent £700m, equivalent to £595m and £798m respectively in 2007 prices. Thus the income from these sources for the former Avon region dropped by 8% in real terms over this period.

Trips and spending

According to the State of Tourism report of 2003,

Most visitors are from the UK with only 7% coming from overseas. Overseas visitors however account for 14% of tourism spending because they tend to stay longer.

The following graph shows that the total number of trips has fallen due to falling domestic demand, a fall of 16.2% over the period, only partly compensated for by rising inbound trips (making a total of 13.8% fall in trips).

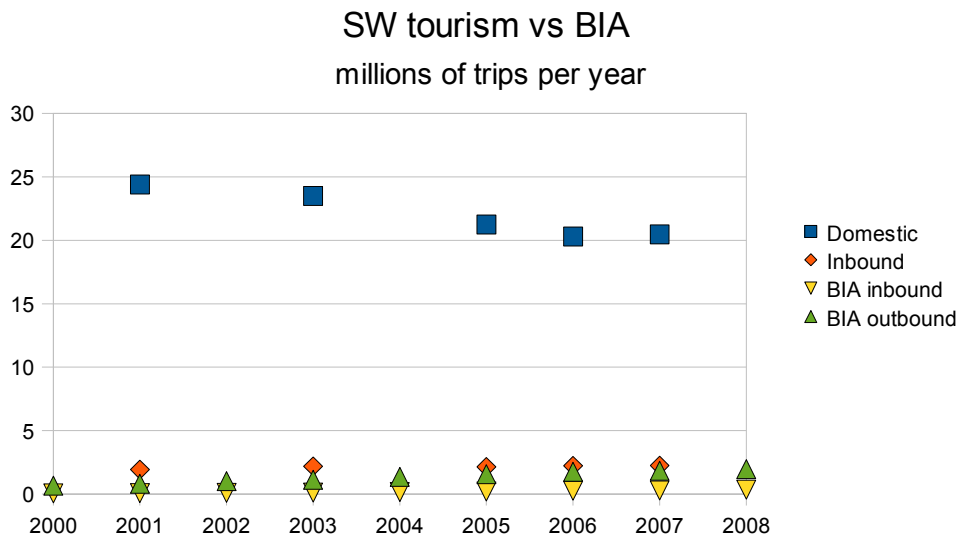


Illustration 5: South West Tourism trips

Because the domestic trips are so much higher than the other figures it is hard to see the detail, so below we show the inbound visitors versus BIA's passengers:

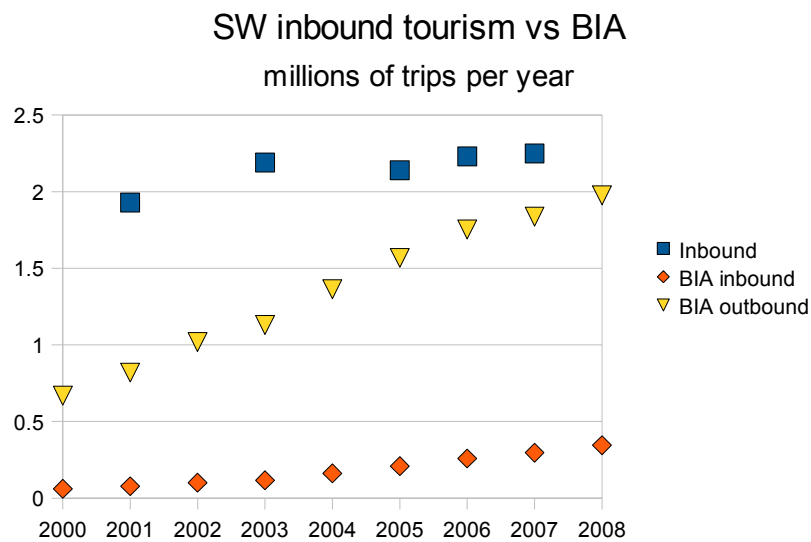


Illustration 6: SW inbound tourists

Again it is clear that the total overseas visitors to the South West are over five times as many as handled by BIA and have been relatively stable over the period despite the massive increase in total air passengers both at BIA and across the country. It is also clear that the total outbound passengers just due to BIA is approaching the total overseas visitor count for the South West.

Turning to spending, the figures are shown below:

SW Tourism Spending millions of pounds

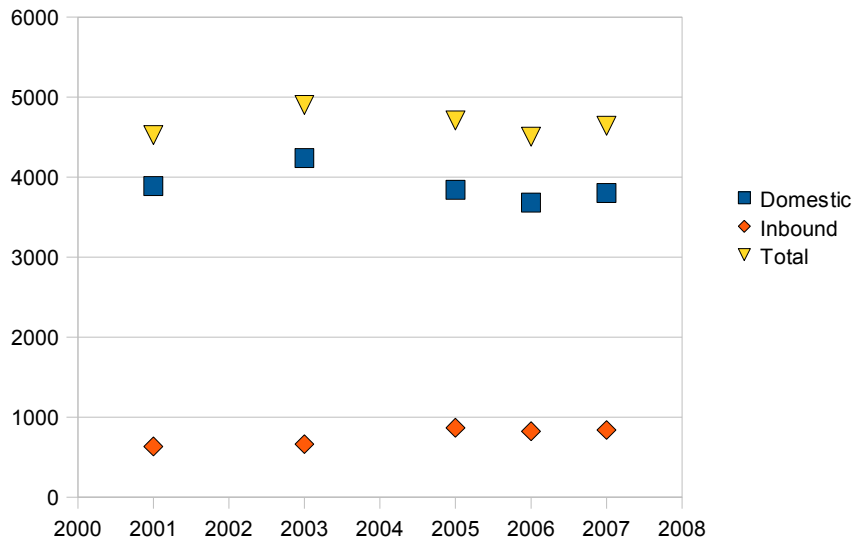


Illustration 7: South West tourism spending

Even though the total tourism spend has stayed relatively flat, as each year's report was in current pounds, the real value of this spending has dropped each year in line with inflation. As the UK GDP grew by 16% in real terms between 2001 and 2007, and inflation over the period was 14% this means that overall the value of tourism to the South West fell by 10%, and against the rest of the economy it fell by 25%

SW Real spending vs UK GDP relative to 2001 levels

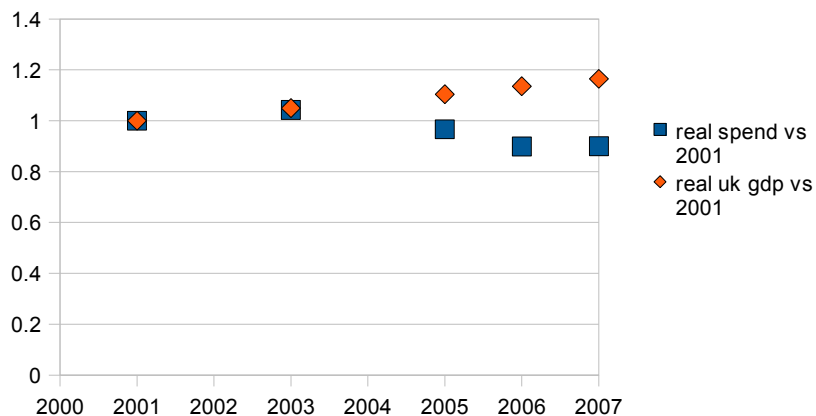


Illustration 8: South West tourism spending vs UK GDP in real terms

[South west tourism spend in given year's pounds from Value of Tourism report, corrected by RPI change from 2001 from ONS, versus GDP in 2001 pounds from ONS]

Over the same period, the expenditure of outbound tourists grew very considerably. Using the average spends per visit from the International Passengers Survey (which is not specific to a given airport) we can estimate how much was spent abroad (excluding air fares) by the outbound users of BIA:

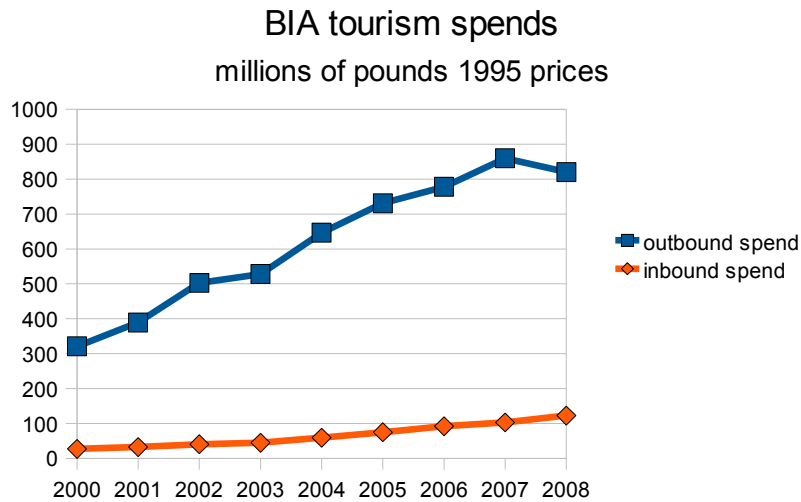


Illustration 9: Tourism spends through BIA in constant prices

We can see that the both outbound and inbound spend have grown hugely in percentage terms, but the outbound has grown faster and is far higher. This contrasts badly with the previous graph – there is a lot more money being spent on tourism in general by UK citizens but it is **not** being spent in the UK and the overall tourism income to the UK and the South West has fallen in real terms.

This means that areas in the South West region that are dependent upon tourism spending have seen a drop in real income and have fallen behind the economy in general, and this has happened at the same time that overall tourism spending by UK citizens has rocketed.

We can see this loss of revenue in the state of many of our traditional resorts, which in turn reduces their attractiveness and perpetuates a vicious cycle.

Exchange rates and tourists

A major term in the cost of trips is the exchange rate. The pound has fallen against the euro by 43% between the start of 2007 and the start of 2009. This would mean that the average trip abroad would have increased in cost by the same margin (excluding air fares) or roughly £190 per trip. A weak pound might encourage more inbound tourists but would discourage outbound tourists, and the net effect would be to reduce the total number of tourists.

The passengers numbers using BIA have fallen dramatically and for the last 12 months are 5.6m which is 10% below the number in 2008. At the same time, visitor numbers and UK attractions have increased and in the North Somerset area are up by 10% as stated at www.southwestbusiness.co.uk, see below:

Staycation boosting North Somerset

Monday, July 06, 2009, 15:50

PEOPLE foregoing foreign holidays are providing a much-needed boost to North Somerset's £300 million tourism industry.

The so-called 'staycation' trend is seeing record numbers of people visiting the district's top attractions.

According to North Somerset Council's tourism team Clevedon Pier is reporting a 14 per cent increase in visitors, Tyntesfield a 10 per cent boost and the SeaQuarium in Weston a 12 per cent rise.

Weston's Tourist Information Centre has seen 61 per cent increase in visitors, mainly due to the Wheel of Weston.

The latest overall tourism figures show that 6,127,000 people visited the area last year and total visitor expenditure was £295,069,000.

This trend has been seen across the South West and country. The Art Fund reported that two thirds of cultural institutions (including museums) have seen higher admissions this summer, with a fifth seeing a 10% or more rise. The Association of Leading Visitor Attractions, which represents 1600 visitor attractions across the UK says that visitor numbers were up 3.4% between May and August, with some attractions seeing their highest ever numbers, despite the recession.

The National Trust stated that visitors were up 12% in August versus the year before.

Other bodies including the Royal Horticultural Society and Homebase have reported considerably better income due to a drop in outbound tourism.

Mode of transport

For domestic visitors, the United Kingdom Tourism survey gives a breakdown of how visitors reached the South West.

Domestic visits to South West 2007

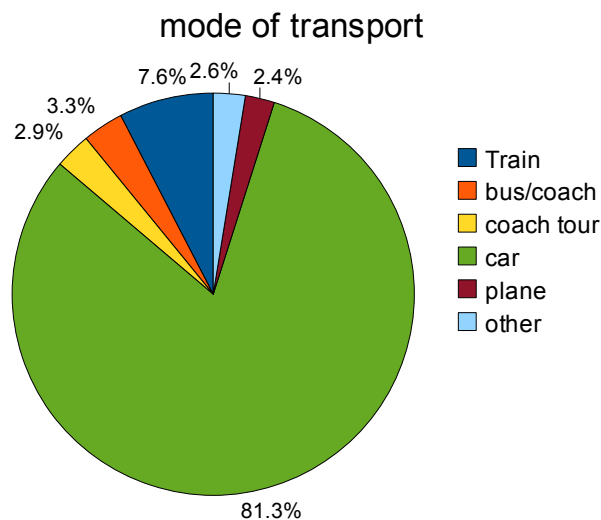


Illustration 10: Mode of transport for domestic visitors 2007

In 2007, 81.3% of visitors arrived by car, 7.6% by train and only 2.4% by plane.

As 81.9% of all non-day trip spending was by domestic visitors, then around 66% of such spending comes in by car and only 1.3% came in through BIA.

The State of Tourism report of 2003 showed that for overseas visitors the method of arrival in the South West were as shown below. Only 15% arrived through Bristol airport, far more came either from Heathrow or by sea. Without a very extensive increase in destinations it is unlikely that BIA would make much impact on the number arriving from Heathrow, and those arriving by sea often do so to bring their own vehicles, tents, surfboards etc and are unlikely to swap to flying.

Overseas arrival route 2003

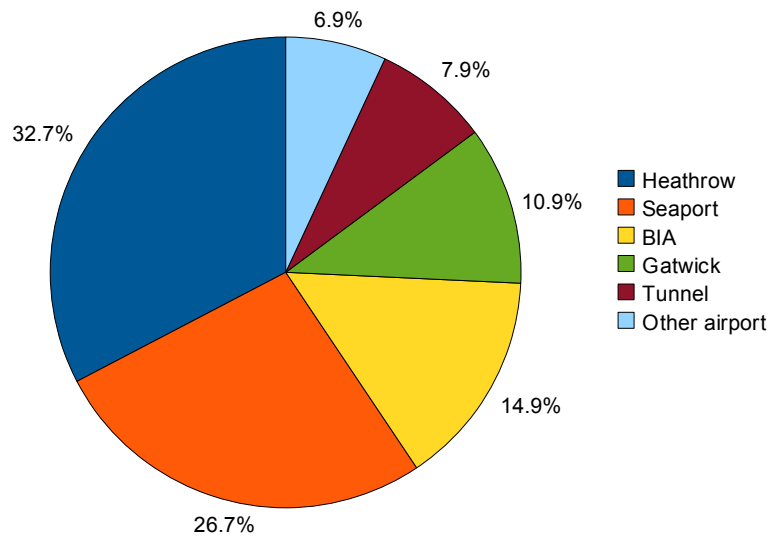


Illustration 11: Arrival route for overseas visitors to South West in 2003