

The North East England Visitor Economy, 2009

Key Facts

SUMMARY

- In 2009, the region attracted 8.5 million visitors who stayed at least one night – equivalent to the population of Austria
- Plus there were another 73 million day visits during the year – more than the whole population of the UK
- Collectively these visitors spent £2.5 billion – equivalent to £1,000 for every person in the region
- This direct spend generated a further £1.4 billion of indirect spending and VAT, bringing the total value of the visitor economy to North East England to almost £4 billion.
- Only 10% of visitors' spending is on accommodation (hotels, B&Bs, self catering, camping & caravanning)
- In contrast, 46% of the spending by visitors goes on food & drink, with another 17% on non-food shopping
- More than 10,000 businesses are supported entirely or heavily by visitors, including over 3,000 accommodation businesses and over 6,100 pubs, restaurants and cafes
- Spending by visitors directly supports over 50,000 jobs in the region, plus another 13,000 indirect jobs in businesses that supply goods and services to the visitor economy

Section 1: Visitors to North East England

HOW MANY VISITORS?

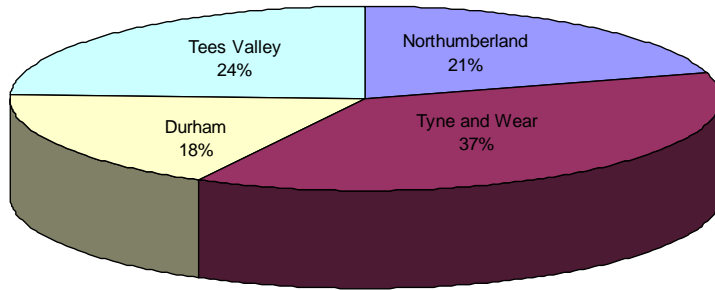
82 million people visited North East England in 2009 with more than 8.5 million staying overnight - the equivalent of the population of Austria



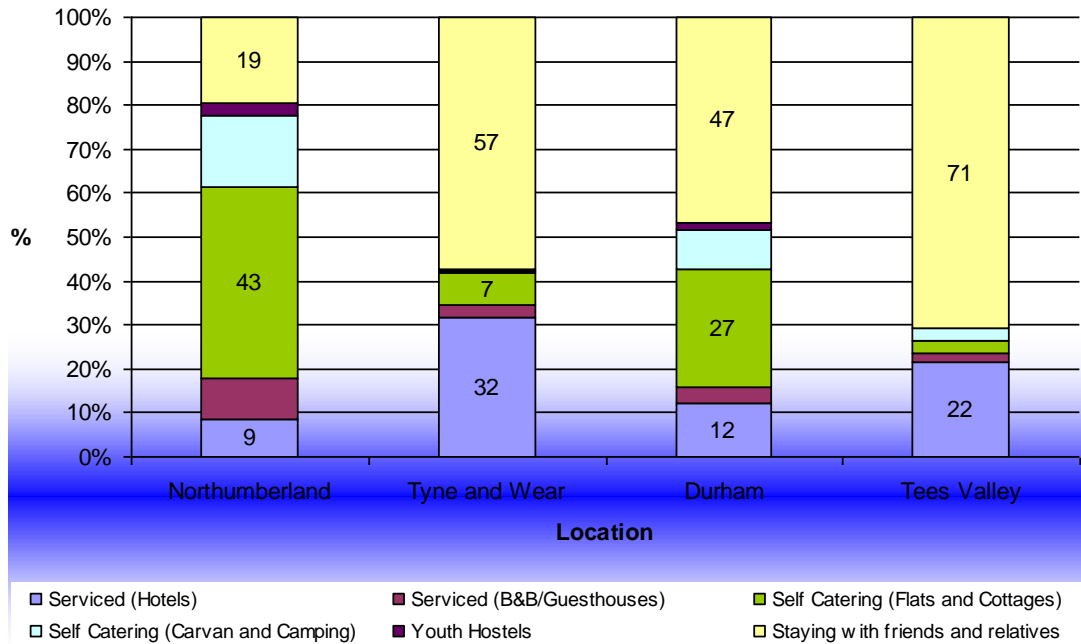
OVERNIGHT VISITORS: WHERE DO THEY STAY?

In 2009 more than 22 million nights were spent in the region by overnight visitors, an average of 2.7 nights per trip. Visitors who stay in hotels and B&B's tend to stay for much shorter periods than those who stay in self-catering cottages and caravan and camping sites. Many self catering visitors stay for at least 7 nights.

As we can see from chart 1 more than a third of overnight visitors stay within Tyne and Wear.



Visitors use a wide range of accommodation when staying in the region and this differs widely across the region, as can be seen in Chart 2:



The largest proportion of overnight visitors to the region stays with friends and relatives, except in Northumberland where self catering is more popular. The hotel sector is largest in Tyne & Wear, especially in NewcastleGateshead.

OVERNIGHT VISITORS: WHERE DO THEY COME FROM?

More than half of the overnight visitors to the region actually come from within the North East itself – for example residents of Newcastle going on trips to Northumberland. Other major domestic markets (in order of size) are Yorkshire, North West England, South East England and Scotland.

In 2009 more than 430,000 international visitors travelled to the North East according to the International Passenger Survey – or about 5% of all overnight visitors. They are particularly valuable to the economy as on average they stay longer and spend more than domestic visitors.

The most valuable transport routes into the region for international visitors are the DFDS ferry routes from Amsterdam and Hamburg; and the Emirates air route from Dubai that connects to flights from Australia and New Zealand. London and Manchester airports are other major gateways for international visitors to the region, especially those from the USA.

OVERNIGHT VISITOR: CHARACTERISTICS

The 2009 United Kingdom Tourism Survey (UKTS) showed that 63% of all overnight domestic visits to the UK required tourist accommodation (46% leisure trips, 15% business trips and 2% other). The remaining 37% stayed with friends and relatives. The combination of city and rural experiences in North East England suggests that these proportions are broadly the same in this region.

On-street interviews undertaken for the North East England Visitor Survey in 2008 revealed that amongst overnight leisure visitors to the region, 50% came for a broad range of experiences involving general sightseeing and visiting heritage and cultural attractions. And whilst 18% came primarily to visit friends and relatives, this is noticeably smaller than the number of visitors who stayed with them. Interests that are mentioned by a small proportion of people as their primary reason for visiting include parks & gardens (6%), walking (6%), shopping (3%), and hobbies (2%)

Amongst business visitors, there are two main sectors: Conferences and Non-Discretionary Travel (mainly visits to individual businesses). Research into the value of the conference market in the North East in 2008 established that the sector brings in 2.8 million delegates (day and overnight visitors) and contributes £378 million to the regional economy. It is estimated that the conference sector supports 8,500 jobs – most of which are in city or urban locations.

DAY VISITORS

A day visit is defined as an irregular trip of at least 3 hours away from home. In 2009 the region welcomed 74 million day visitors travelling into or around the region – 9 times the number of overnight visitors. 17% of all day visitors come from out of region, mostly from Yorkshire, North West England and Scotland.

As with overnight visitors, general sightseeing and visiting attractions remain the most important reason for a day visit (37%). However, at 18%, shopping is much more often given as the primary reason for a day visit than it is for an overnight visit. (Please note: Ordinary regular domestic shopping trips are not counted as day visits). Visiting a beach is the main purpose of 5% of all day visits – almost 4 million trips to the seaside every year – whilst walking in the countryside accounts for a further 5% of all day visits.

Section 2: Visitor Spending

HOW MUCH DOES EACH VISITOR SPEND?

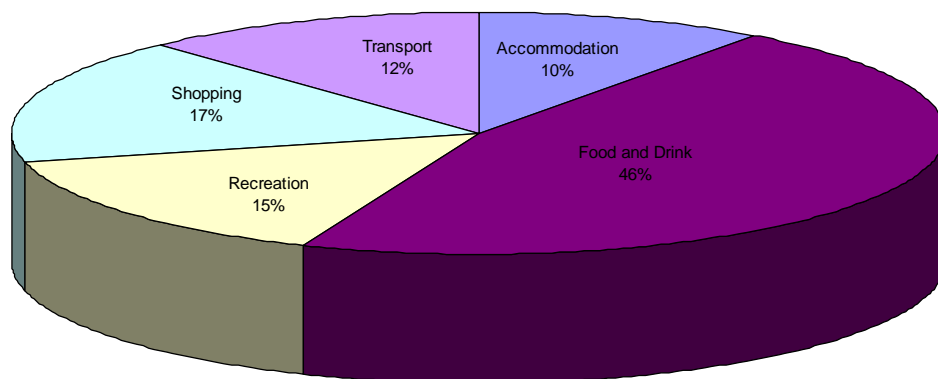
Different types of visitors spend very different amounts of money during their trips into and around the region:

- International visitors spend an average £470 per trip
- Business visitors coming to a conference spend an average £135 per trip
- Domestic overnight visitors spend an average £160 per trip (spending less per day than business visitors but staying longer)
- Day visitors spend an average £20 per person per trip

The total direct spending by all visitors in 2009 amounted to £2.5 billion, equivalent to £1,000 for every man, woman and child who lives in the region. The overall contribution to the North East economy, including indirect spending is £4 billion.

WHAT DO THEY SPEND THIS MONEY ON?

It is often thought that most visitor spending is on 'tourist accommodation' and 'tourist attractions'. However as we can see in chart 3 below in terms of revenue it is the food and drink sector which is the largest beneficiary.



The main components of each sector, in order of importance are:

- **FOOD AND DRINK – 46%:** Restaurants, cafes, pubs, bars, groceries (for self catering visitors)
- **SHOPPING – 17%:** Gifts and souvenirs, books, arts & crafts, clothing, miscellaneous
- **RECREATION – 15%:** Tourist attractions, theatres, cinemas, events, sport venues and centres, leisure (including golf, fishing, riding, etc), gambling and casinos
- **TRANSPORT – 12%:** Air, sea, rail and road, including taxis, car hire and petrol
- **ACCOMMODATION – 10%:** Hotels, guest houses and B&Bs, self catering cottages, caravan and camp sites

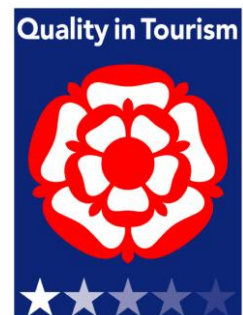
Section 3: Businesses Supported by the Visitor Economy

The visitor economy is often considered to be predominantly made up of tourist accommodation and attraction businesses – not least because these are often the only businesses that are willing to make a financial contribution to destination marketing campaigns. However there are many other businesses which feel the positive benefit of spending by visitors. Indeed more than 10,000 businesses in the region are supported by the visitor economy.

Accommodation businesses

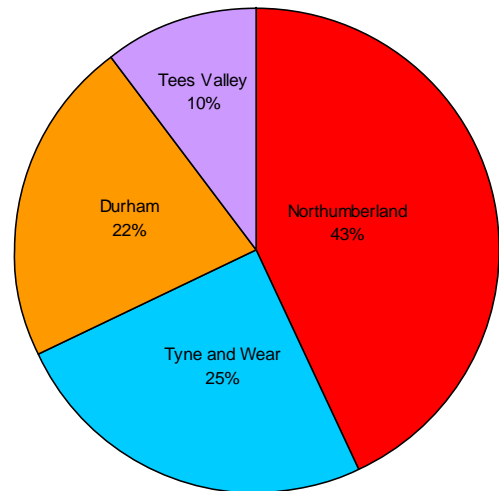
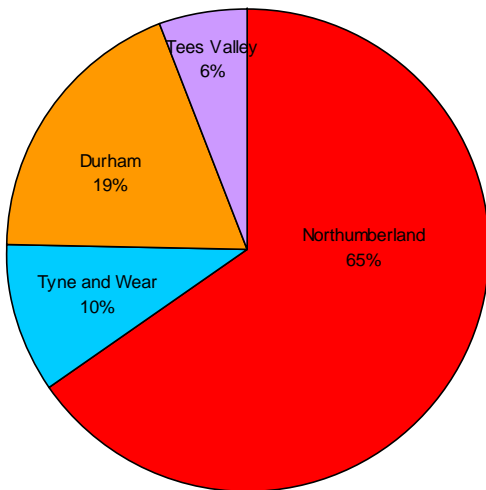
The North East has a wealth of accommodation businesses from Bed and Breakfast to 5 star hotels and from camping to cottages in the countryside. In total there are approximately 3,130 properties offering more than 85,000 bedspaces within the region.

- 70% of establishments in the North East are quality inspected – and therefore have an official “star” rating. This compares with an average of only 52% across the country. The region has by far the highest proportion of inspected properties in the country.
- 29% of the region’s overall serviced stock is 4 or 5 star: In other words the overall quality of the region’s accommodation is very high, especially in the B&B and self catering cottage sectors.
- 32 properties have received the Visit Britain Gold Award
- Northumberland businesses dominate the accommodation sector in terms of number, especially the many small B&B and self catering businesses. In contrast, Northumberland also has the region’s largest Holiday Parks.
- Larger hotels in Tyne and Wear bring significant numbers of bedspaces. In fact 51% of the region’s total bed spaces in hotels is in Tyne & Wear



Establishments

Bedspaces



The Serviced sector: Hotels, Guest Houses and B&Bs

There are more than 1,300 serviced properties in North East England, providing a total 37,900 bedspaces. 75% of the properties have ten rooms or less; and only 90 hotels in the region have more than 50 rooms. However, collectively these 90 hotels provide almost half of all serviced accommodation bedspaces.

- The majority of serviced accommodation businesses – 52% of all establishments – are in Northumberland
- However, because NewcastleGateshead is the location for many of the region's larger hotels, 43% of all bedspaces are in Tyne and Wear
- The average serviced room occupancy in 2009 was 62%; but was significantly higher for hotels (68%) than for B&Bs and guest houses (42%).
- The regions 3 biggest hotels are Jurys' Inn Newcastle (800 beds), Hilton NewcastleGateshead (508 beds) and Travelodge Newcastle Central (504) beds.
- The region has two 5 star hotels, Seaham Hall in Seaham and Rockcliffe Hall in Hurworth, Darlington.

The Self Catering sector

The self catering sector in the North East boasts 1,650 properties providing space for more than 18,000 visitors mainly in the rural areas of Northumberland and Durham.

- 75% of all self catering establishments are in Northumberland, mostly rural or coastal cottages. All the major holiday cottage letting agencies have significant numbers of properties in North East England.
- University student accommodation plays an important role in some city areas during the summer. Due to the large university accommodation in Durham City, the average bedspace per property in Durham is significantly higher than elsewhere in the region, at an average of 18 rooms per property
- Average unit occupancy in the self catering sector in 2009 was 58%

The Caravan and Camping Sector

There are two distinct sectors within caravan and camp sites with some operators offering facilities for touring holidays while other parks concentrating on static caravans/chalets. There are a total of 108 sites catering to the camping and caravan sector offering 27,100 sleeping spaces. Sites vary enormously in size. The largest site – Haggerston Castle in north Northumberland – has a summer population of around 2,000 people (more than the whole population of a small town like Seahouses) whilst some of the smaller sites have as few as 5 pitches.

Unsurprisingly it is the rural areas which are home to the majority of sites, with 58% of all properties in Northumberland. It is also worth noting that the Caravan Club now has 8 sites within the region.

Non-Accommodation Businesses Supported by the Visitor Economy

Food & Drink Businesses

Collectively, overnight and day visitors spend substantially more on food and drink than any other part of the visitor economy. Few food and drink businesses do not rely to some extent on spending by visitors; whilst for many it is a core part of their business – especially in city centres, rural areas and seaside towns.

There are more than 6100 food and drink VAT registered businesses in the North East. However this is a significant underestimation of the total number due to the significant proportion who are too small to meet the VAT threshold.

Of these 6,100 businesses:

- 3,500 are predominantly food businesses: restaurants and cafes
- 2,600 are predominantly drink businesses: pubs, bars and nightclubs

Businesses in the food sector of the visitor economy include:

- Hotel and other fine dining restaurants and bistros
- Ethnic restaurants (Italian, Indian, Chinese, Thai, Greek, Spanish, etc)
- Rural and town centre cafes and tea shops (often closed in the evening)
- Cafes and coffee shops in tourist attractions and visitor centres
- Family-friendly fast food chain outlets (such as McDonalds)
- Fish & chip shops and restaurants (often highly visitor-focussed in seaside locations)

Businesses in the drink sector of the visitor economy include:

- Urban and country pubs – most of which also offer restaurant and bar meals, including for families
- Bars and nightclubs – a key part of the nightlife economy of the region's cities and major towns, especially in Newcastle.

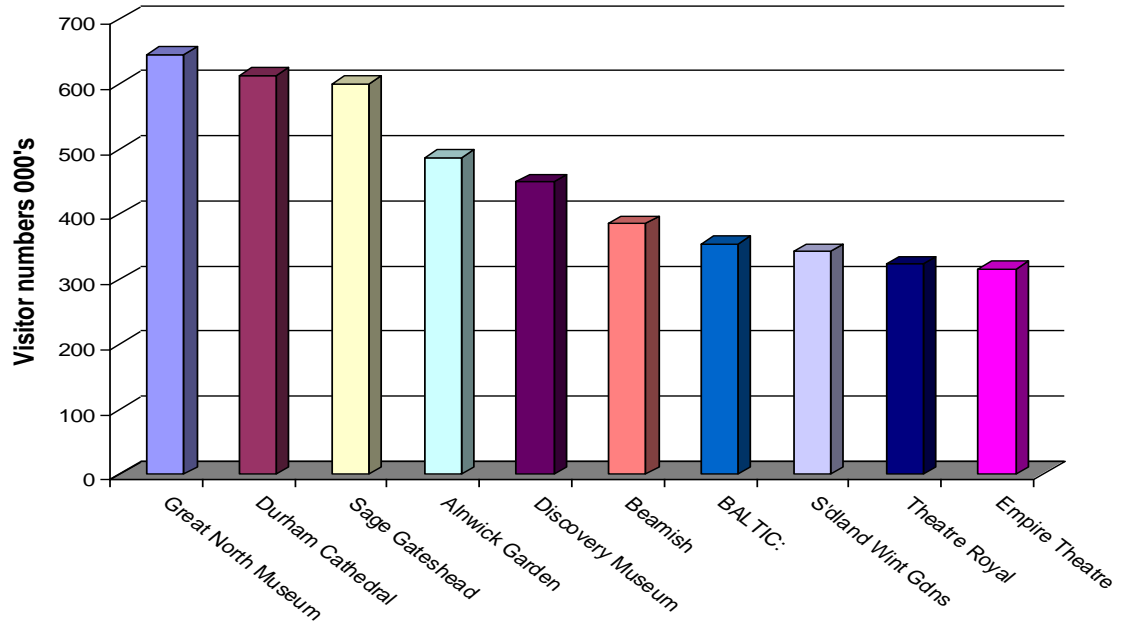
Retail

Direct expenditure on shopping in the North East stood at £420 million in 2008, approximately 15% of all direct expenditure. More than 7,700 jobs are directly supported by tourism in the sector.

The region has two major shopping centres: The Gateshead Metrocentre and Eldon Square in Newcastle. Between them they attract more than a quarter of a million visitors every year. In addition, there are key outlet shopping destinations at Royal Quays (Ferry Terminal) and Dalton Park in County Durham. The region also has a strong boutique shopping offer in places such as Yarm (Tees Valley), Durham City and in the region's historic market towns. Visitor-facing retail outlets in these locations also include art galleries, and craft and gift shops, some which rely almost entirely on income from visitors.

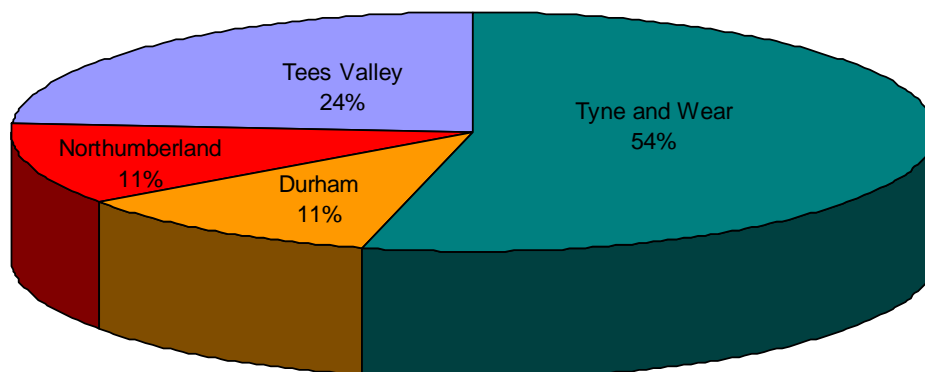
Tourist Attraction and Museum Businesses

More than 10 million visitors passed through the doors of the regions 414 attractions in 2009. The top ten most visited attractions (including museums) can be seen below.



Theatres, Cinemas and Cultural Venues

The region has a number of venues which provide entertainment to both local residents and visitors in the shape of cinemas, theatres and concert halls. In 2009 the region had 12 cinemas and 33 concert halls/music venues. As can be seen below more than half of these are in Tyne and Wear.



Sport and Leisure

Further to the 'core' attractions the region also has a multitude of sporting and leisure facilities which cater mainly to local residents however are also used by visitors. These include:

- 66 swimming pools
- 105 golf courses, clubs and driving ranges
- 2 ice rinks
- 232 leisure centres
- 1443 sports grounds, stadia and pitches
- 16 motorsports venues
- 4 ski slopes

Transport



The region is served by two airports in Newcastle International and Durham Tees Valley as well as a number of key train stations in Darlington, Durham, Newcastle and Berwick while operators have services to other key locations such as Middlesbrough, Sunderland and Amble.

Approximately 10% of all expenditure in the region is spent on transport at £286 million with more than 2,500 positions directly supported by tourism in this sector.

Businesses indirectly supported by the visitor economy

Numerous businesses are indirectly supported by the visitor economy. These are the businesses who supply goods and services to the businesses that directly serve visitors. It is estimated that tourism is responsible for supporting around 13,000 indirect jobs, with indirect expenditure by tourism businesses into the supply chain of £1 billion in 2009.

Examples of businesses indirectly supported by the visitor economy include:

- Architects and builders
- Decorators, plumbers and electricians
- Food and drink suppliers
- Contract cleaning and laundry businesses
- Printers, designers and advertising agencies
- Solicitors, accountants, banks and consultants



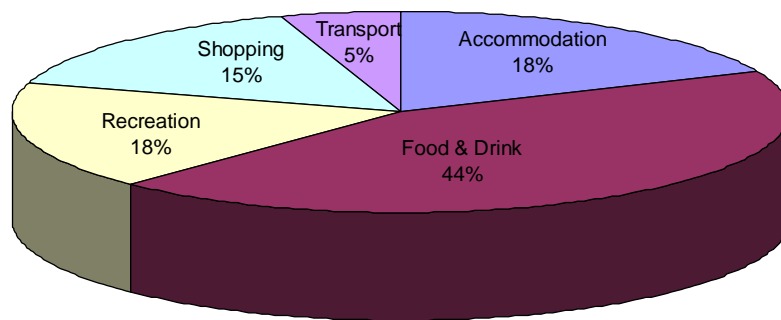
Whilst the total number of jobs supported by the visitor economy is about 4.5% of all jobs, in some rural areas and market towns it is difficult to find any businesses that do not rely to some extent on income derived from visitors. This was one of the major lessons learned from the impact of the Foot & Mouth crisis in 2001. In rural Northumberland, 19% of all jobs in Berwick-upon-Tweed and 18% of all jobs in Alwicks District are directly dependent on the visitor economy

Section 4: Employment in the Visitor Economy

According to STEAM 2009 the number of people directly employed as a result of spending by visitors was 52,099 with a further 13,096 employed indirectly bringing the total number of jobs reliant on tourism to more than 65,000. This is 4.5% of all jobs in the region.

Direct

In 2009 52,000 people were directly employed in the tourism industry. As can be seen below the most significant employer is the food and drink sector.



Research also shows that that in the Tourism, Hospitality and Leisure sector, 2/3rds of staff are female while 30% are aged between 25 and 39.

Jobs in the visitor economy are often thought to be low skilled and low paid. However the sector provides a vast range of jobs in fields such as General Management, Human Resources, Finance, Marketing and Advertising, Information Systems and Internet specialists, Chefs, Tour Operators and Education Officers, as well as the front of house staff, waiters and housekeeping personnel more usually associated with the sector.

In addition, the growth of the sector, the high proportion of small businesses, and the relatively low entry costs combine to make the visitor economy one of the best economic sectors for new enterprise and the creation of new businesses.



Indirect

In addition to the jobs directly supported by visitor spending there are jobs created in local suppliers of goods and services to the businesses receiving the visitors' spending. There are almost 13,000 people indirectly employed as a result of spending by visitors in the many business sectors identified on the previous page. In other words, every 1% increase in visitor spending (either additional visitors or increased spend per trip) results in the creation of around 520 direct jobs in the region and another 130 jobs in the supply chain.

Section 5: Gross Value Added (GVA)

The GVA of the tourism industry to the North East is 5.9% or around £2.1 billion according to figures published by the Office for National Statistics.

The Office for National Statistics Annual Business Inquiry Register 07, published December 09, indicates that Hotels and Restaurants contribute £1,077mn to the regions economy, 2.7% of GVA.

It is estimated that the conference tourism market directly contributes £173mn in GVA, with a total contribution of £328mn.

Section 6: Major Trends

The main purpose of this document is to describe the North East England visitor economy in a readily understandable and comprehensive way, rather than to look at trends over time or to measure the impact of public sector activities. Much more detailed analysis and trend data is available via the “Further Information” contacts provided on the back cover.

Nevertheless the following major changes are summarised below to provide an assessment of recent growth in the visitor economy (all figures relate to changes between 2003 and 2009):

- The number of overnight visitors has grown by 9% from 7.8 million to 8.5 million
- The number of day visitors has grown by 3% from 72.4 million to 74.4 million
- Direct expenditure by visitors has grown from £2.3 billion to £2.5 billion, a growth of 7%
- The spend per trip by overnight visitor has grown from £168.20 to £170.38.
- The number of bedspaces in the region has increased by almost 4,000 from 81,498 to 83,383.

Sources

The information contained within this document has been brought together by the Tourism Research Team at One North East. Information within the document is gathered through primary research carried out by One North East or from publicly available secondary sources.

It is the intention of this document to make information easier to remember and digest through a process of rounding and approximation. For example, the statement in this document that the value of direct spending by visitors in 2009 is £2.5 billion is based on an independent assessment of by Global Tourism Solutions of £2,534.31 million, if this level of detail is required then please use contacts below.

The key information sources used to inform the preparation of this document were:

- The Desti.ne product database: The Regional Destination Management Platform
- Monthly accommodation occupancy surveys, undertaken under contract by LJ Forecaster (hotels) and The Research Solution (B&Bs and self catering)
- International Passenger Survey
- UK Tourism Survey (UKTS)
- North East England Visitor Survey 2008
- Scarborough Tourism Economic Activity Monitor (STEAM), Global Tourism Solutions
- Annual Business Inquiry Register – Office for National Statistics
- Labour Force Survey 2009
- Understanding the value of conference tourism – Tribal Consulting 2010
- The Economic Contribution of the Visitor Economy – Deloitte / Oxford Economics, June 2010

Further Information

If you require any further details on the information contained in this document please visit our website or contact the Tourism Research Team at One North East

Website: <http://www.tourismnortheast.co.uk/site/research-and-statistics>

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