

OXFORD ECONOMICS

The Economic Impact of the UK Heritage Tourism Economy

Kareen El Beyrouty
Andrew Tessler

May 2013



OXFORD
ECONOMICS

Contents

	Executive Summary	3
1	Introduction	6
2	Methodology	8
3	Direct Impact of Heritage Tourism	11
4	Indirect, Induced and Total Impacts.....	20
5	References	23

Executive Summary

This study examines the economic impact of heritage-based tourism...

- The Heritage Lottery Fund (HLF) has requested that Oxford Economics update their 2010 report on the economic impact of the UK heritage tourism industry using the latest available data. This study quantified the scale of economic activity associated with heritage-based tourism in the UK.
- A key objective is to develop an indication of the scale of the gross economic impact of heritage tourism in the UK in terms of visit numbers, visit spend, employment and GDP. Then, comparisons are made with other sectors of the UK economy.

...using a broad-based, top down methodological approach

- This report uses the same methodology as the previous Oxford Economics report for HLF, released in 2010.
- It uses an economic impact approach, using a top down methodology with a focus on heritage-motivated tourism.
- A distinction has been drawn between heritage-based tourism (e.g. visits to historic sights and museums) and a definition that incorporates natural heritage (i.e. visits to national parks).
- A new source of survey data for domestic day tourism has been utilised in updating this report, the Great Britain Day Visits Survey (GBDVS). The survey source used in the 2010 report dated back to 2005 and was only available for England. In addition, this was supplemented with day tourism data from Northern Ireland.
- The previous survey source for domestic overnight tourism, the United Kingdom Tourism Survey, has been replaced by the Great Britain Tourism Survey (GBTS). Therefore, figures for the UK are aggregated using GBTS and overnight tourism data from Northern Ireland. In addition, the previous source used dated back to 2007 whereas the data used for this report dates back to 2011.

The heritage-based tourism economy directly accounts for at least £5 billion in GDP and 134,000 jobs

- The direct GDP impact is now higher than the £4 billion estimated from 2007 data in Oxford Economics (2010). Employment is now significantly higher than the 113,000 estimated in Oxford Economics (2010).
- Direct heritage tourism spending, visitation and GDP were derived by estimating the proportion of total tourism spending which could reasonably be attributed to heritage-motivated tourism.
- Raw expenditure values were then converted to GDP-equivalent terms and tourism employment was based on past modelling work for the UK tourism economy as a whole.

Table ES.1: Direct Estimate of the Heritage-Based Tourism Economy

Heritage-Based Tourism Economy		
Category	Excluding Natural Heritage	Including Natural Heritage
Expenditure (£ billion)	£8.49	£16.05
GDP (£ billion)	£5.07	£9.59
Employment (jobs)	133,705	252,704
Visitation (millions)	101.14	194.83

Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.

Once indirect and induced effects are accounted for, however, the heritage-based tourism economy is estimated to account for at least £14 billion in GDP and 393,000 employees.

- Therefore the GDP impact of the heritage-based tourism economy is now higher than the £12 billion estimated from 2007 data in Oxford Economics (2010). In terms of employment, the current estimate is significantly higher than the 270,000 jobs estimated from 2007 data in Oxford Economics (2010).
- Aside from direct effects, heritage-based tourism also has indirect effects, as the tourism industry demands goods and services from other UK-based industries.
- In addition, there are induced effects, as workers get wages from the heritage tourism economy and spend these on other goods and services.
- Past modelling by Oxford Economics allowed for estimation of these indirect and induced effects. These are combined with direct effects to estimate the total economic impacts.

Table ES.2: Total Economic Impacts of the Heritage-Based Tourism Economy

Heritage-Based Tourism Economy		
Category	Excluding Natural Heritage	Including Natural Heritage
GDP (£ billion)	£13.95	£26.37
Employment (jobs)	392,812	742,419

Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.

Although the UK and the European economy have been underperforming relative to other parts of the world since the financial crisis ended, the total impact of the heritage tourism industry has still risen relative to the previous report written using data from the peak before the crisis. The increase in the GDP impact is not all down to increased visitors and expenditure, however. A portion of this increase in GDP is due to inflation, a rise in prices. Table ES.3 below compares the findings of the 2010 report against this report.

Table ES.3: Comparison of Heritage Tourism Estimates in 2010 and 2013

Comparison of Heritage Tourism Estimates for 2010 and 2013					
	2010 Report		2013 Report		
	Excluding Natural Heritage	Excluding Natural Heritage	Including Natural Heritage	Including Natural Heritage	
International Visits (Holidays, m)	3.5	4.1	5.8	6.9	
International Visits (VFR, m)	1.2	2.0	4.0	4.3	
Domestic Overnight Trips (Holidays, m)	2.1	8.9	4.8	17.0	
Domestic Overnight Trips (VFR, m)	0.5	5.3	1.0	10.0	
Domestic Day Trips (Leisure, m)	95.3	81.0	148.2	156.6	
Expenditure - International visits (Holidays, £b)	£1.7	£2.4	£2.7	£4.1	
Expenditure - International visits (VFR, £b)	£0.5	£0.9	£1.5	£1.9	
Expenditure - Domestic overnight trips (Holidays, £b)	£0.5	£2.0	£1.0	£3.8	
Expenditure - Domestic overnight trips (VFR, £b)	£0.05	£0.5	£0.1	£1.0	
Expenditure - Domestic day trips (Leisure, £b)	£4.2	£2.7	£6.4	£5.3	
Heritage allocator - International visits (Holiday)	33%	34%	55%	58%	
Heritage allocator - International visits (VFR)	13%	22%	42%	48%	
Heritage allocator - Domestic overnight visits (Holiday)	4%	15%	9%	28%	
Heritage allocator - Domestic overnight visits (VFR)	1%	11%	2%	21%	
Heritage allocator - Domestic day trips (Leisure)	9%	5%	14%	10%	

Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.

In general, heritage allocators have increased from the allocators derived for the 2010 report (except for domestic day tourism). A notable difference is the increased heritage allocators for domestic overnight tourists. This is likely due to a change in the survey design where it is now not possible to discern whether heritage is a main motivator for the visit from the survey question. Rather, the motivation for the trip is directly estimated by the revealed preferences of the visitor using the number of heritage activities undertaken. In this report, the same, consistent activity-based method has been used to estimate heritage allocators across all categories of visitors. Moreover, if the old 2010 heritage allocators are applied to the latest data, the resulting visitation and expenditure numbers are still higher than those in 2010, demonstrating that it is not the change in heritage allocators driving the higher impacts.

1 Introduction

1.1 Background

The Heritage Lottery Fund (HLF) has requested that Oxford Economics update their 2010 report on the Economic impact of the UK heritage tourism industry using the latest available data. This study quantifies the scale of economic activity associated with heritage-based tourism in the UK. Although similar studies have taken place at a regional level, the only comprehensive analysis of the links between the UK economy and heritage appears to have been carried out by Oxford Economics, despite the important role of heritage in the UK tourist industry.

In a 2011 survey of perceptions of Britain as a holiday destination, nearly three out of five respondents thought that Britain had a rich and interesting history.¹ The Nations Brand Index ranks the UK fourth out of fifty in terms of built heritage. The UK has 28 World Heritage Sites, and also many other important heritage sites including castles, churches, monuments, historic houses, museums, galleries, and natural heritage attractions such as national parks, AONB's, etc. Moreover, a survey conducted by the Department of Culture, Media and Sports (DCMS) reported that 73% of respondents had visited a heritage site in the past year.² Moreover, the same survey found that 52% of respondents had visited a museum or gallery.³ The importance of valuing the heritage tourism industry is precisely because it makes up such an important portion of tourism for the UK.

1.2 Definition of Heritage Tourism

Heritage tourism can sometimes overlap with general cultural activities, but it has a distinct and separate identity. Zepple and Hall (1992) define it "as an encounter with or an experience of being part of the history of a place through visiting historic sites, monuments, and landscapes. It focuses on learning and includes the experience of local traditions, social customs, religious practices and cultural celebrations. Historical tourism is a form of heritage tourism: its main focus is to stress the experiences of the past."⁴ For this and the previous Oxford Economics study, HLF has requested that heritage be defined to include the following:

- The "historic environment" (see definition below)
- Museums / galleries (other than those containing modern art)
- Libraries
- Archives
- Historic public parks
- Industrial, transport and maritime heritage
- National Parks, AONB's, Nature Reserves and Country Parks
- Canals and historic waterways.

¹ GfK Anholt 2011 Nations Brand Index survey.

² "Taking Report 2012/2013 Quarter 3," Department of Culture, Media and Sports.

³ *Ibid.*

⁴ "Culture and Heritage Topic Profile," VisitBritain, February 2010.

The “historic environment” is considered to include the following:

1. A city or town with historic character
2. A historic building open to the public (non-religious)
3. A historic park, garden or landscape open to the public
4. A place connected with industrial history (i.e. an old factory, dockyard or mine) or historic transport system (i.e. old ship or railway)
5. A historic place of worship attended as a visitor (not to worship)
6. A monument such as a castle, fort or ruin
7. A site of archaeological interest (e.g. roman villa, ancient burial site)
8. A site connected with sports heritage (i.e. Wimbledon) not visited for the purpose of watching sport

The HLF also wanted to quantify data on general natural heritage visits including coastline and other areas. It is often difficult, however, to determine whether visits to rural areas should be considered heritage related or not, particularly given our use of a top down methodology (described in the next chapter). This report, like the 2010 report, provides two distinct sets of estimates in order to take this into account:

- **Excluding natural heritage** – i.e. inclusive of heritage as defined above except for public parks, gardens, National Parks, AONB's, Nature Reserves and Country Parks, coastal visits and other undesignated countryside.
- **Including natural heritage** – inclusive of all heritage.

Heritage figures will be presented for both categories listed above, with the figure including natural heritage provided for comparison, even though it is likely to be an over-estimate of heritage tourism due to the difficulties in distinguishing between heritage and non-heritage related nature tourism.

In addition, the use of a top down approach also makes it difficult to distinguish between heritage and non-heritage visitation in certain areas (e.g. all visitation to museums is included whether modern or classical works are displayed). The figures shown, however, do give a broad indication of heritage-based tourism in the UK and it is likely that the impact of divergence from the defined scope of heritage (due to the available data) is relatively small.

1.3 Acknowledgements

For this study, Visit England provided some data and analysis of heritage activities undertaken by domestic overnight and day tourists. Oxford Economics would like to thank them, and particularly Abbie Mcphie, for their contributions.

1.4 Report Structure

The remainder of the report is structured as follows:

- **Chapter 2** discusses the methodology, data used and basic assumptions made in modelling the heritage tourism economy.
- **Chapter 3** estimates the direct GDP, visitation and employment effects of the heritage-based tourism economy.
- **Chapter 4** extends the economic modelling to derive the total economic impacts of the heritage-based tourism economy.

2 Methodology

This chapter presents the methodology used in the calculations of the impact of the UK heritage tourism economy. This report uses the same methodology as the 2010 Oxford Economics report, adapting in certain areas to fit with new data sources.

Key points

- Consistent with the objectives of the study, a top-down approach has been used in this economic impact study to estimate the proportion of the heritage tourism economy as a percent of the total tourism economy.
- Also, an activity-based approach has been used consistently for all data sources that estimates the appropriate portion of heritage expenditure and visits. It does so by counting the proportion of heritage activities against the number of total activities undertaken.
- Economic impact modelling (often referred as “multiplier analysis”) is then used to quantify the economic contribution of an industry or an investment through three separate channels: direct impacts, indirect impacts and induced impacts.
- Data for 2011 are used to derive heritage-based tourism expenditure estimates for the United Kingdom.

2.1 General Methodological Issues

A variety of approaches to valuing the impact of heritage tourism in the UK can be used. The following sections describe key aspects of the methodology adopted in this study, including the following:

- Economic impact approach
- Top-down vs. bottom-up methodology
- Activity vs. motivation based heritage tourism

This study, like our earlier 2010 report, has adopted an economic impact approach, using a top-down methodology, with a focus on heritage-motivated tourism.

2.2 Top-Down vs. Bottom-Up Approaches

There are two basic approaches to the calculation of the portion of total tourism attributed to heritage tourism:

- **A top-down approach** – This method examines total tourism spending across the economy and then apportions heritage tourism based on an allocator of heritage tourism visits as a proportion of total tourism visits.
- **A bottom-up approach** – This method examines actual expenditure on defined tourism locations that are considered heritage attractions. These direct revenues can then be used as an input to the economic impact model.

Both approaches use direct revenues to derive total economic impacts. The top-down approach is used in this report.

While both methods involve certain data challenges, a bottom up approach requires an extensive data gathering exercise and inevitably results in significant gaps in the data. For example, a

bottom-up approach may record revenues from ticketed attractions but not revenues from unticketed attractions or the revenues from accommodation and transport sold to visitors accessing heritage sites. Therefore even if this data can be gathered, it is likely to be patchy.

In contrast, a top-down approach draws from the surveys of tourist expenditures used in previous publications by organisations such as VisitBritain. This includes expenditure on accommodation, transport, meals, shopping, and implicitly, expenditure on heritage locations themselves. This is a much broader definition of spending than in the bottom-up approach which solely focuses on spending at heritage sites. The challenge here is to winnow down this expenditure in order to estimate heritage-motivated expenditure only.

The use of a top-down approach offers a relatively straightforward way to measure the broad impact of heritage tourism. The key issue in this approach is the derivation of an appropriate allocator for heritage-motivated tourism activity. The detail of this process is covered in Chapter 3.

2.3 Activity vs. Motivation-Based Tourism

One of the difficult aspects of defining heritage tourism is that most tourists will not only visit heritage sites, they will also visit other sites or perhaps visit friends or family. These tourists do spend money on heritage sites, but it is difficult to argue that the total transport, meal and accommodation costs should be ascribed to heritage tourism only. Under a bottom-up approach, this may not be seen as a problem (since it focuses on actual revenues to heritage sites). Such an approach, however, would miss all the other visitation-related expenditure which would be a vast underestimate of the heritage tourism spending.

This means one must strike a balance between a vast overestimation and a vast underestimation in order to approximate not only spending on actual heritage sites, but also the related accommodation, transport and meal expenditure that we can attribute to heritage tourism. Ideally, one would use motivation of each visit to ascribe expenditure to heritage or other categories of tourism. The 2010 Oxford Economics report tried to take a motivation-based approach where possible, notably in domestic overnight and domestic day tourism. With the latest survey data available, however, it has not been possible to take a motivation-based approach based on the survey questions.

Instead, an activity-based approach has been used consistently for all data sources that estimates the portion of heritage expenditure and visits. It does so by counting the proportion of heritage activities against the number of total activities undertaken, hence relying on the directly revealed preferences of the visitors to discern motivation.

2.4 Economic Impact Modelling

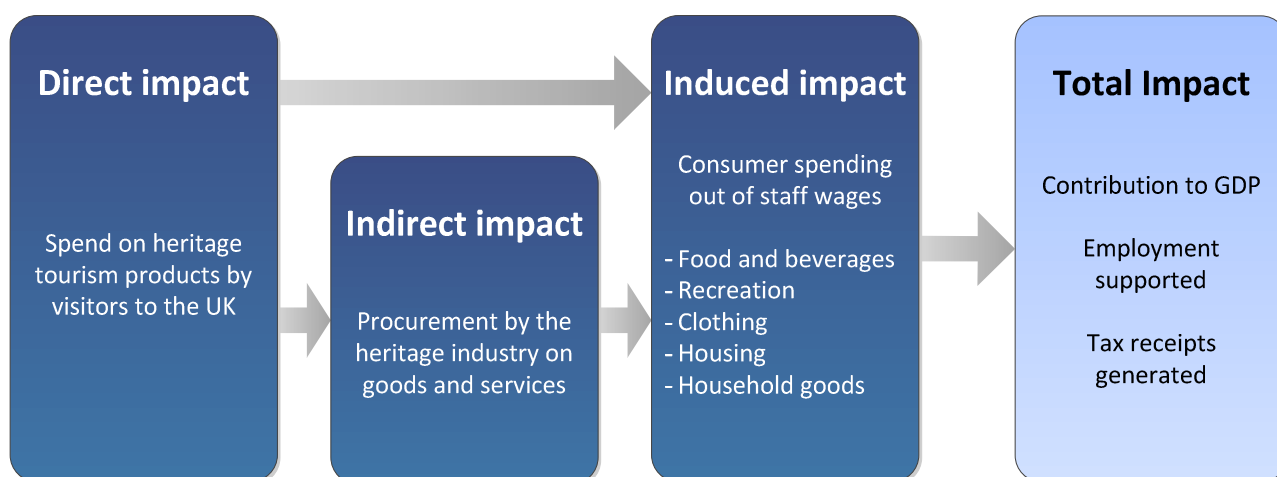
The main objective of this report is to develop updated estimates of the scale of the gross economic impact of heritage tourism in the UK in terms of visit numbers, visit spend, employment and GDP. Economic impact modelling (often referred as “multiplier analysis”) is used to quantify the economic contribution of an industry or an investment. Impact analysis traces the economic contribution of an industry through three separate channels:

- **Direct impacts** – The contribution to revenue, Gross Domestic Product (GDP) and employment created by the heritage industry, through direct spend on heritage tourism products. Estimates of “heritage motivated” visitation are also developed as part of this process.

- **Indirect impacts** – Consists of economic impacts that occur in the heritage industry’s supply chain. They occur predominantly as a result of the industries’ purchases of inputs of goods and services. The metrics to be measured are GDP and employment.
- **Induced impacts** – Reflects activity supported by the spending of wage income by direct and indirect employees in the heritage tourism industry. The impacts can again be measured by GDP and employment supported.

Figure 2.1 illustrates the interaction between the different channels of impact.

Figure 2.1: The channels of economic impact



2.5 Estimation Year

VisitBritain data for 2011 are used to derive heritage-based tourism expenditure estimates. These are the latest available complete sets of data on international tourism, overnight tourism and day tourism. In addition, data for Northern Ireland also refers to 2011.

2.6 Geographical Scope

The tourism expenditure, GDP and employment estimates in chapters 3 and 4 have been developed for the UK. For the categories of overnight and day tourism, data for Northern Ireland has been estimated based on the available data for Northern Ireland and relative patterns of Holiday and VFR visitors from Great Britain, as the Great Britain surveys of overnight and day tourism do not cover Northern Ireland. Therefore the total economic impacts estimated cover the UK.

3 Direct Impact of Heritage Tourism

This chapter covers estimates of the direct impact of the Heritage Tourism industry on the UK economy. It goes over the data sources used to generate estimates of expenditure for three categories of tourism: International visitors, domestic overnight visitors and domestic day visitors. Lastly, results are presented for all three categories and aggregated to form an estimate of the total direct impact.

Key points

- An activity-based approach is utilised for all categories of visitors that estimates the proportion of all heritage activities undertaken as a portion of all activities undertaken by visitors. This allows us to derive an allocator, with which to estimate heritage visits and expenditure.
- Total direct heritage-based tourism expenditure is estimated as £8.5 billion for heritage activities and £16.1 billion inclusive of natural heritage. Total direct heritage-based tourism visitation is estimated as 101 million for heritage activities and 195 million inclusive of natural heritage.
- The heritage economy GDP is £5.1 billion excluding natural heritage. If natural heritage is included, this number rises to £9.6 billion.
- Direct employment generated by the heritage tourism economy is 134,000. Including natural heritage increases the estimate to 253,000.

3.1 Data Sources

This study includes visitation and spending by international, domestic overnight and domestic day tourists and estimates heritage tourism spending in the UK from sub-sets of those tourists. The majority of the data is sourced from VisitBritain. Data for domestic tourism in Northern Ireland comes from the Northern Ireland Statistics & Research Agency (NISRA). Below we list the various categories of data and sources:

- **International Tourism** – Estimation of international heritage visitors is based off of the International Passenger Survey (IPS) which provides estimates of international visits, nights stayed, and expenditure for international visitors to the UK. The expenditure reported covers all types of expenditure (food, accommodation, transport, shopping etc.) including fares to and from the UK.⁵ Although all categories of tourism are included in the IPS (i.e. holiday, visiting friends and relatives (VFR), business trips, study, other), for the purposes of this study, only holidaymakers and those visiting friends and family are included as potential heritage tourists.
- **Domestic Overnight Tourism** – The figures for Great Britain are based on the results of the 2011 Great Britain Tourism Survey (GBTS), which replaces the previous United Kingdom Tourism Survey (UKTS). GBTS is jointly sponsored by Visit England, Visit Scotland and Visit Wales. This survey covers all domestic overnight tourism in Great Britain (i.e. any journey away from home lasting one or more nights). For the purpose of

⁵ Note that in past surveys, fares to and from the UK were not included in the International Passenger Survey.

this report, only holidaymakers and those visiting friends and family are included as potential heritage tourists. All trip expenditure is included in the GBTS (package holidays, accommodation, travel to and from the destination and during the trip, services and advice, buying clothes, eating and drinking out, shopping, entertainment and other items related to the trip). 2011 represents the first year when the scope of the GBTS changed to only cover the resident populations of Great Britain (England, Scotland and Wales) and trips within these jurisdictions. Figures for Northern Ireland come from the Northern Ireland Statistics & Research Agency (NISRA) 2011 survey of domestic tourism. It is less detailed than the GBTS, however, so the proportions of holiday and VFR travellers for Northern Ireland were estimated using the proportions from the GBTS.

- **Day Tourism** – Figures for Great Britain day trips are taken from the 2011 Great Britain Day Visits Survey (GBDVS 2011). GBDVS 2011 is jointly sponsored by the statutory tourist boards of England, Scotland and Visit Wales. Day trips data used are Tourism Day Visits (round trips which start from and return to home for leisure purposes that last three hours or more and are not taken regularly). No distinctions are made in this survey between various categories such as holiday, VFR, etc. though, as noted, non-leisure (e.g. business) trips are excluded. Reported expenditure covers all non-regular spending including admission fees, fuel, fares, gifts and non-regular shopping. Figures for Northern Ireland day trips are taken from the 2011 survey of domestic tourism conducted by NISRA. As the results of the survey provide little detail of activities undertaken, the allocator for Great Britain heritage tourists has been transposed for Northern Ireland day heritage tourists.

Business visitors have effectively been excluded from the analysis as well as other types of visitors such as transit, study and miscellaneous visitors. For international visitors, heritage allocators are only estimated for holiday and VFR travellers. Likewise, this has also been done for domestic overnight tourists. Domestic day tourist data excludes business trips.

3.2 Allocator Derivation

There are a wide number of potential data sources which describe aspects of heritage tourism. Nonetheless, many of these are of limited use in deriving an approximate figure of the extent of heritage tourism within the UK. For a comprehensive discussion of alternative heritage publications and sources, please refer to Oxford Economics (2010).

Ideally, data which separates out the motivations tourists have for their visits should be used to determine the proportion of visitors motivated by heritage-related interests. For example, if visitors indicate that a single visit was 60% heritage-related, then 60% of their visit expenditure could be classed as attributable to heritage. Alternatively, a certain percentage of visitors indicating that heritage-related activities were the main motivation for their travel could provide a broad indicator of the proportion of tourism expenditure that could be ascribed to heritage. In our previous report, there was some data that allowed us to glean motivation information for domestic tourists. Unfortunately, no recent survey has detailed such motivations for the heritage sector across either international or domestic tourists.

Therefore an activity-based approach is utilised for all categories of visitors that estimates the proportion of all heritage activities undertaken as a portion of all activities undertaken by visitors. This allows us to derive an allocator, with which to estimate heritage visits and expenditure. Then, using data from Oxford Economics' UK Tourism Model (developed for Deloitte (2008) – *The Economic Case for the Visitor Economy*), it is possible to estimate the direct GDP and employment impacts of heritage tourism.

3.3 International Tourism

Data on activities undertaken by international visitors is provided by the International Passenger Survey. Visitors could describe more than activity – and it would be expected that foreign visitors would undertake more than one activity during their visit. Therefore, the number of activities participated in adds up to more than the number of visitors. As in Oxford Economics (2010), we have added together all the activities which visitors participated in and examined the proportion of heritage activities in relation to this total. While not as precise as a measure of motivation, this can give a reasonable indicator of the importance of heritage to visitation. For example, if a visitor participated in two activities and one of those activities was a heritage-type activity, then it could be inferred that heritage played a 50% motivation for the visit. Using the aggregate number of activities as compared to heritage-type activities for all visitors, an allocator can be calculated that determines the proportion of total expenditure and visits attributable to heritage.

Given the categories of visits collected by the IPS, international heritage-based tourism was determined to include the categories indicated in Table 3.1 below.

Table 3.1: Activities Included in International Heritage Tourism Definition

Tourism Visits Included in Heritage Definition		
IPS Categories for Activities	Excluding Natural Heritage	Including Natural Heritage
Went to theatre / musical / opera / ballet	No	No
Visited parks or gardens	No	Yes
Went to countryside or villages	No	Yes
Went to the coast or beaches	No	Yes
Went shopping	No	No
Went to the pub	No	No
Visited religious buildings	Yes	Yes
Visited museums or art galleries	Yes	Yes
Visited castles or historic houses	Yes	Yes
Went to bars or nightclubs	No	No
Attended a festival (e.g. music, food, arts, film)	No	No
Went to a live sport event (e.g. at a stadium)	No	No
Took part in sports activities	No	No

Source: Oxford Economics, VisitBritain.

In the absence of more specific categories, visits to garden and countryside may include a range of activities broader than heritage. Therefore, as previously indicated, both a narrow and a broad range of allocators for heritage visits have been estimated. The broad estimate includes natural heritage. These allocators have been estimated both for holiday and VFR travellers. It is clear why holiday visitors might choose heritage activities as some of their primary activities during their trip. VFR travellers also undertake quite a number of heritage activities during their visits, and are thus also included in the model.

This activity-based approach indicated that 34% of holiday trip activities involved a heritage visit (excluding natural heritage) and that the corresponding figure for VFR visitors was 22%. Including natural heritage increases the allocator to 58% for holiday trips and 48% for VFR trips. Table 3.2 below displays the allocators. Oxford Economics (2010) discusses other literature and data that estimates heritage-motivated tourism, finding that the activities-based approach generates congruent outcomes.

Table 3.2: Heritage Allocators for International Passengers

Heritage-Motivated International Tourism		
Category	Excluding Natural Heritage (%)	Including Natural Heritage (%)
International - Holiday	33.80%	57.80%
International - VFR	22.23%	48.37%

Source: Oxford Economics.

3.4 Domestic Overnight Tourism

In Oxford Economics (2010), data on the main motivation for the trip was used to derive allocators for domestic overnight tourism. Due to the unavailability of recent data on motivations that are specific to heritage sites, the activities-based approach was employed to estimate allocators for Great Britain, in the same way as for international visitors. Unlike the International Passenger Survey, the list of activities is much more specific, however, only the top 25 activities are published. Data for Northern Ireland did not have categories of activities specific enough to identify heritage activities so the allocator of heritage tourism for Great Britain was used for Northern Ireland and applied to Northern Ireland tourism totals. Table 3.3 below lists the activities used to estimate the proportion of heritage activities and the proportion of heritage activities including natural heritage for domestic overnight tourists in the holiday category.

Table 3.3: Activities Included in Domestic Overnight Tourism Definition for Holiday Travellers

Tourism Visits Included in Heritage Definition		
GBTS Categories for Activities	Excluding Natural Heritage	Including Natural Heritage
Visiting a museum	Yes	Yes
Visiting a historic house, stately home, palace	Yes	Yes
Visiting a cathedral, church, abbey or other religious building	Yes	Yes
Visiting a country park	No	Yes
Visiting a garden	No	Yes
Visiting a castle/other historic site	Yes	Yes
Visiting an art gallery	Yes	Yes
Viewing architecture and buildings	Yes	Yes
Visiting a beach	No	Yes
Visiting a wildlife attraction/ nature reserve	No	Yes

Source: Oxford Economics, GBTS 2011.

Using the above definition of heritage activities, allocators for the proportion of heritage tourism were derived for domestic overnight tourism for holiday travellers in Great Britain. Therefore, excluding natural heritage, 15% of domestic overnight tourism was found to be heritage-related and 28% of domestic overnight tourism including natural heritage was found to be heritage-related.

Table 3.4 below lists the activities used to estimate the proportion of heritage activities and the proportion of heritage activities including natural heritage for domestic overnight tourists in the VFR category.

Table 3.4: Activities Included in Domestic Overnight Tourism Definition for VFR Travellers

Tourism Visits Included in Heritage Definition		
GBTS Categories for Activities	Excluding Natural Heritage	Including Natural Heritage
Visiting a museum	Yes	Yes
Visiting a historic house, stately home, palace	Yes	Yes
Visiting a cathedral, church, abbey or other religious building	Yes	Yes
Visiting a country park	No	Yes
Visiting a garden	No	Yes
Visiting a castle/other historic site	Yes	Yes
Visiting an art gallery	Yes	Yes
Viewing architecture and buildings	Yes	Yes
Visiting a beach	No	Yes

Source: Oxford Economics, GBTS (2011).

Using the above definition of heritage activities, allocators for the proportion of heritage tourism were derived for domestic overnight tourism for VFR travellers in Great Britain. Therefore, excluding natural heritage, 11% of domestic overnight tourism was found to be heritage-related and 21% of domestic overnight tourism including natural heritage was found to be heritage-related. Table 3.5 below displays the allocators for both holiday and VFR visits. As noted above, these allocators were also adopted for Northern Ireland tourism data.

Table 3.5: Heritage Allocators for Domestic Overnight Visitors in GB

Heritage-Motivated Domestic Overnight Tourism		
Category	Excluding Natural Heritage (%)	Including Natural Heritage (%)
Domestic Overnight - Holiday	14.66%	28.08%
Domestic Overnight - VFR	11.27%	21.47%

Source: Oxford Economics.

3.5 Domestic Day Tourism

In Oxford Economics (2010), a combination of motivation and activity-based approaches were used to estimate heritage-motivated day tourism using two different sources of information. In order to remain consistent with the methodologies employed for international and domestic overnight tourists, the activities-based approach was employed to estimate allocators for Great Britain day tourists from one survey, the GBDVS. Day tourists are not classified according to holiday, VFR, or other categories. All day tourists surveyed are leisure travellers, for whom heritage sites may well be an important component of their trip. Therefore we have used all day visits data to calculate an allocator for heritage tourism.

The list of activities reported in the GBDVS is even more specific than that for domestic overnight tourism; however, activities accounting for less than 1% of visitations are not given. Again, data for Northern Ireland did not have categories of activities specific enough to identify heritage activities so the allocator of heritage tourism for Great Britain was used for Northern Ireland and applied to Northern Ireland tourism totals. Table 3.6 below lists the activities used to estimate the proportion of heritage activities and the proportion of heritage activities including natural heritage for day tourists.

Table 3.6: Activities Included in Day Tourism Definition

Tourism Visits Included in Heritage Definition		
Categories for Activities	Excluding Natural Heritage	Including Natural Heritage
Viewed architecture - Traditional (Victorian/pre-Victorian etc.)	Yes	Yes
Visited a beach	No	Yes
Visited a country park	No	Yes
Visited a garden	No	Yes
Visited a wildlife attraction/ nature reserve	No	Yes
Visited an art gallery	Yes	Yes
Visited a cathedral, church, abbey or other religious building	Yes	Yes
Visited a historic house, stately home, palace	Yes	Yes
Visited a museum	Yes	Yes
Visited a castle/other historic site	Yes	Yes

Source: Oxford Economics, GBDVS.

Using the above definition of heritage, the allocators derived for the proportion of heritage tourism for day visits in Great Britain are 5% for heritage and 10% for activities including natural heritage. As the visitation data for Northern Ireland is not specific enough to parse out the proportion of heritage tourism, these allocators were also applied to overall tourism counts from Northern Ireland. Table 3.7 below summarises the allocators derived for day visitations.

Table 3.7: Heritage Allocators for Day Visitors in GB

Heritage-Motivated Day Tourism		
Category	Excluding Natural Heritage (%)	Including Natural Heritage (%)
Day Visits - Leisure	5.22%	10.09%

Source: Oxford Economics.

3.6 Direct Expenditure, Visitation, GDP and Employment Estimates

3.6.1 Expenditure and Visitation Estimates

The process of deriving allocators has been described above. Combining these allocators with total visitor spending for each category of visitor from the various surveys described in section 3.1 yields estimates of heritage-motivated expenditure and visitation for the UK. Table 3.8 below shows expenditure for all categories of tourists and that for heritage tourists. Total direct heritage-based tourism expenditure is estimated as £8.5 billion for heritage activities and £16.1 billion inclusive of natural heritage. The estimate of spending is based on the assumption that heritage-based tourism spending is similar to that of the average tourist. With the available data, it is not possible to develop a more specific estimate of spending for heritage tourists.⁶

⁶ Refer to Oxford Economics (2010) for a more detailed discussion of this method and alternative estimation methods.

Table 3.8: Estimated Expenditure for Heritage-Based Tourism

Category	Heritage-Based Tourism Estimates (£b)	
	Excluding Natural Heritage	Including Natural Heritage
Expenditure: All Tourists*		
International - Holiday	£7.04	£7.04
International - VFR	£3.96	£3.96
International - Other	£6.99	£6.99
GB Domestic Overnight - Holiday	£13.00	£13.00
GB Domestic Overnight - VFR	£4.73	£4.73
GB Domestic Overnight - Business	£4.40	£4.40
GB Domestic Day	£52.04	£52.04
NI Domestic Overnight - Holiday	£0.40	£0.40
NI Domestic Overnight - VFR	£0.11	£0.11
NI Domestic Overnight - Other	£0.08	£0.08
NI Domestic Day	£0.15	£0.15
Total	£92.90	£92.90
Heritage Tourism Allocators		
International - Holiday	33.80%	57.80%
International - VFR	22.23%	48.37%
Domestic Overnight - Holiday	14.66%	28.08%
Domestic Overnight - VFR	11.27%	21.47%
Domestic Day	5.22%	10.09%
Heritage Tourism Expenditure		
International - Holiday	£ 2.38	£ 4.07
International - VFR	£ 0.88	£ 1.92
GB Domestic Overnight - Holiday	£ 1.91	£ 3.65
GB Domestic Overnight - VFR	£ 0.53	£ 1.01
GB Domestic Day	£ 2.72	£ 5.25
NI Domestic Overnight - Holiday	£ 0.06	£ 0.11
NI Domestic Overnight - VFR	£ 0.01	£ 0.02
NI Domestic Day	£ 0.01	£ 0.02
Total	£ 8.49	£ 16.05

Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.

* In previous years, rent for second home ownership had been included in this category. It is now excluded due to lack of data. In addition, international fares to UK carriers were included as a separate category. Now that the International Passenger Survey includes this data, it has been excluded from this table to avoid double-counting.

Table 3.9 shows the corresponding estimates of heritage visitation. Note that this is not a count of unique visitors as each visitor could have more than one trip per year. This is likely to be especially true for domestic tourism. Visitation data for the UK as a whole were derived using a similar process as that used for expenditure.

Table 3.9: Estimated Heritage-Based Visitation

Category	Heritage-Based Tourism Estimates (millions)	
	Excluding Natural Heritage	Including Natural Heritage
Visitation: All Tourists		
International - Holiday	12.01	12.01
International - VFR	8.84	8.84
International - Other	9.95	9.95
GB Domestic Overnight - Holiday	58.43	58.43
GB Domestic Overnight - VFR	45.72	45.72
GB Domestic Overnight - Business	18.60	18.60
GB Domestic Day	1,545.15	1,545.15
NI Domestic Overnight - Holiday	2.02	2.02
NI Domestic Overnight - VFR	0.93	0.93
NI Domestic Overnight - Other	0.35	0.35
NI Domestic Day	7.20	7.20
Total	1,709.19	1,709.19
Heritage Tourism Allocators		
International - Holiday	33.80%	57.80%
International - VFR	22.23%	48.37%
Domestic Overnight - Holiday	14.66%	28.08%
Domestic Overnight - VFR	11.27%	21.47%
Domestic Day	5.22%	10.09%
Heritage Tourism Visitation		
International - Holiday	4.06	6.94
International - VFR	1.97	4.28
GB Domestic Overnight - Holiday	8.57	16.41
GB Domestic Overnight - VFR	5.15	9.82
GB Domestic Day	80.62	155.89
NI Domestic Overnight - Holiday	0.30	0.57
NI Domestic Overnight - VFR	0.10	0.20
NI Domestic Day	0.37	0.73
Total	101.14	194.83

Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.

Total direct heritage-based tourism visitation is estimated as 101 million for heritage activities and 195 million inclusive of natural heritage.

3.6.2 GDP Estimates

GDP estimates can be derived using the relationship between tourism GDP and tourism expenditure. Like Oxford Economics (2010), this study relies on prior work by Oxford Economics on the UK's Visitor Economy and presented by Deloitte in 2008.

This prior macroeconomic model on the UK's Visitor Economy (i.e. the *total* UK tourism economy) indicated that in 2007, direct UK tourism GDP was equal to £51.6 billion. This definition is consistent with the United Nations World Tourism Organisation (UNWTO) definition, which includes government spending in support of the visitor economy.

This past work also reported VisitBritain's statistics indicating that tourism outturn in 2007 was £86.4 billion. Therefore the ratio of total UK tourism GDP to total UK tourism expenditure is approximately 0.6 (i.e. £51.6 billion / £86.4 billion). Applying this ratio to the total 2011 heritage

tourism expenditure shown in Table 3.8 results in a heritage economy GDP measure of £5.1 billion excluding natural heritage. If natural heritage is included, this number rises to £9.6 billion.

In practice, the specific GDP/expenditure ratio for heritage tourism may be slightly different to the ratio for UK tourism as a whole. Nevertheless, this ratio is likely to be a reasonable approximation of the relationship for heritage tourism. A specific ratio for heritage tourism would require a much more refined and expensive modelling task and would require heritage-specific survey work.

3.6.3 Employment Estimates

Employment estimates for heritage tourism can be estimated in a similar way to those for GDP. Modelling by Oxford Economics for Deloitte (2008) indicates that in 2007 the UK's visitor economy directly generated 1.36 million jobs. Based on the GDP estimate of £51.6 billion this means the visitor economy generated slightly over 26,000 jobs per £ billion of GDP.

With the £5.1 billion figure calculated above for direct heritage-based tourism economy GDP, applying the ratio of 26,000 per £ billion of GDP means that direct employment generated by the heritage tourism economy is 134,000. Including natural heritage increases the estimate to 253,000.

3.6.4 Summary of Direct Estimates

Table 4.0 below provides a summary of the direct estimates of the economic impact of heritage tourism.

Table 4.0: Direct Estimate for the Heritage-Based Tourism Economy

Heritage-Based Tourism Economy		
Category	Excluding Natural Heritage	Including Natural Heritage
Expenditure (£ billion)	£8.49	£16.05
GDP (£ billion)	£5.07	£9.59
Employment (jobs)	133,705	252,704
Visitation (millions)	101.14	194.83

Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.

The heritage tourism economy is therefore larger than many commonly defined sectors of the economy. For example, based on figures for 2011 from the ONS Annual Business Survey, the estimated £5.07 billion in direct GDP attributable to the heritage tourism economy is larger than the value added of the agriculture, forestry and fishing industry (£1.7 billion), the beer manufacturing industry (£2.4 billion), the paper and paper products manufacturing industry (£3.9 billion), and the construction of roads and railways (£2.8 billion). If natural heritage tourism is included, heritage tourism is larger than major sectors such as the manufacture of beverages (£8.6 billion), the manufacture of chemicals and chemical products (£9.4 billion), and the manufacture of basic pharmaceutical products and preparations (£9.4 billion).

In addition, the £5 billion direct contribution to UK GDP made by the heritage-based tourism economy is now larger than the £4 billion contribution estimated previously, using 2007 data. In terms of employment, the estimate of 134,000 jobs created by the industry is now higher than the 113,000 estimated previously. For heritage activities, it appears as though the aggregated number of visits has remained roughly the same, but the visits attributed to natural heritage have increased. The number of heritage visits including natural heritage has increased from 163.7 million to 194.83 million.

4 Indirect, Induced and Total Impacts

This chapter presents the indirect, induced and total economic impact results of the economic impact analysis.

Key points

- The combined direct and indirect heritage tourism economy GDP is worth £11.2 billion per annum (£21.1 billion with natural heritage). The combined direct and indirect heritage tourism economy accounts for 267,000 jobs across the UK (505,000 including natural heritage).
- The combined value of direct, indirect and induced heritage-based tourism GDP (the total GDP impact) is estimated to be £14 billion (£26.4 billion with natural heritage). The sum of the direct, indirect and induced employment effects is 393,000 jobs (742,000 with natural heritage).

4.1 Indirect and Induced Effects – Estimates

As indicated in chapter 3, the direct GDP contribution to the UK from heritage tourism is estimated at £5.1 billion. Including natural heritage increases this estimate to £9.6 billion. These benefits, however, will also flow through from the tourism industry to other industries and households.

The results of Oxford Economics' 2008 report on *The Economic Case for the Visitor Economy* are also used, along with past analyses by Oxford Economics, to derive broad estimates of the indirect and induced effects of the heritage tourism economy.

4.1.1 Indirect Effects

Based on Oxford Economics (2008), the combination of direct and indirect GDP effects for the broad travel and tourism sector are 2.2 times the direct GDP effects. Note that these indirect effects also include capital investment and government expenditure on tourism. If this relationship is also true for heritage tourism, this implies that the combined direct and indirect heritage tourism economy GDP is worth £11.2 billion per annum (£21.1 billion with natural heritage).

A similar approach has been adopted in estimating the indirect employment impacts. The combination of direct and indirect employment effects for the broad travel and tourism sector are 2.0 times direct employment effects alone. Assuming this relationship holds true for heritage tourism, this implies that the combined direct and indirect heritage tourism economy accounts for 267,000 jobs across the UK (505,000 including natural heritage).

4.1.2 Induced Effects

Prior modelling undertaken by Oxford Economics indicates that, in the UK, the sum of direct, indirect and induced GDP impacts is typically 1.25 times the sum of direct and indirect effects. This relationship has been assumed to hold true for heritage tourism. Accordingly, the combined value of direct, indirect and induced heritage-based tourism GDP is estimated to be £14 billion (£26.4 billion with natural heritage).

Employment effects can be estimated by deriving the number of jobs per billion GDP for *indirect* effects (alone) and assuming this relationship holds true for induced effects. This is roughly 20,600 – i.e. 20,600 people are employed for every billion pounds of indirect GDP generated in the

heritage tourism supply chain. Given that the value of the indirect supply chain is £6.1 billion (£11.5 billion with natural heritage); this implies that induced employment effects account for 125,000 jobs (237,000 with natural heritage). Therefore the sum of the direct, indirect and induced employment effects is 393,000 jobs (742,000 with natural heritage).

4.2 Total Impacts

The process for estimating the direct, indirect and induced impacts has been described above. Table 4.1 summarises the relevant GDP and employment.

Table 4.1: Total Economic Impacts of the Heritage-Based Tourism Economy

Heritage-Based Tourism Economy		
Category	Excluding Natural Heritage	Including Natural Heritage
GDP (£ billion)	£13.95	£26.37
Employment (jobs)	392,812	742,419
<i>Source: Oxford Economics, VisitBritain, Northern Ireland Statistics & Research Agency.</i>		

The GDP impact of the heritage-based tourism economy is now £14 billion as compared to the £11.9 billion estimated from 2007 data in Oxford Economics (2010). In terms of employment, the current estimate of 393,000 jobs is significantly higher than the 270,000 jobs estimated from 2007 data in Oxford Economics (2010). Oxford Economics (2010) discusses the estimation results in comparison to other studies.

In general, heritage allocators have increased from the allocators derived for the 2010 report (except for domestic day tourism). A notable difference is the increased heritage allocators for domestic overnight tourists. This is likely due to a change in the survey design where it is now not possible to discern whether heritage is a main motivator for the visit from the survey question. Rather, the motivation for the trip is directly estimated by the revealed preferences of the visitor using the number of heritage activities undertaken. In this report, the same, consistent activity-based method has been used to estimate heritage allocators across all categories of visitors. Moreover, if the old 2010 heritage allocators are applied to the latest data, the resulting visitation and expenditure numbers are still higher than those in 2010, demonstrating that it is not the change in heritage allocators driving the higher impacts.

In terms of visitation and expenditure, one notable increase from the 2010 report is in the number of domestic day visits and the expenditure associated with it. This may be associated with a change in the source of the survey data from a survey for England conducted by the Countryside Agency, to the Great Britain Day Visits Survey, supplemented by Northern Ireland data. Naturally, many more visitors are expected to travel between England, Wales, Scotland, and Northern Ireland than solely in England. Another notable increase from the 2010 report is in the number of domestic overnight trips taken. This may be due to two factors: a trend during the financial crisis of domestic tourists choosing to stay closer to home to save money and due to a change in survey methodology which now only allows one to observe revealed preferences for heritage tourism, rather than getting information on the trip's main motivation (whether it is heritage or not) from the survey itself. Revealed preferences that are observed, however, are preferable when motivations are difficult to measure. For heritage activities overall, it appears as though the aggregated number of visits has remained roughly the same, but the visits attributed to natural heritage have increased, perhaps indicating a trend of increasing natural heritage tourism.

The increase in the GDP impact is not all down to increased visitors and expenditure, however. A portion of this increase in GDP is due to inflation, a rise in prices. As measured by Oxford Economics' Consumer Price Index (CPI) for the UK, prices have risen approximately 14% over the 2007 to 2011 period. Similarly, the increased employment generated by the industry is not necessarily solely as a result of a larger heritage tourism industry. Some of this increase in employment could be due to a larger labour force as a result of immigration and/or a greater number of persons entering the labour force.

5 References

Deloitte (2008), "The Economic Case for the Visitor Economy."

Department for Culture, Media & Sport, Taking Part 2012/13 Quarter 3 Statistical Release.

Great Britain Day Visits Survey (GBDVS) 2011.

Great Britain Tourism Survey (GBTS) 2011.

Northern Ireland Statistics & Research Agency (NISRA), "Domestic Tourism Estimates: Northern Ireland 2011."

Oxford Economics (2010), "Economic Impact of the UK Heritage Tourism Economy."

VisitBritain International Passenger Survey 2011.

VisitBritain, "Culture and Heritage: Topic Profile," February 2010.

VisitBritain, *Foresight*, Issue 98 – December 2011.

Visit England, "Activities on Overnight Trips in England – 2011."

OXFORD

Abbey House, 121 St Aldates
Oxford, OX1 1hb, UK
Tel: +44 1865 268900

LONDON

Broadwall House, 21 Broadwall
London, SE1 9PL, UK
Tel: +44 207 803 1400

BELFAST

Lagan House, Sackville Street
Lisburn, BT27 4AB, UK
Tel: +44 28 9266 0669

NEW YORK

817 Broadway, 10th Floor
New York, NY 10003, USA
Tel: +1 646 786 1863

PHILADELPHIA

303 Lancaster Avenue, Suite 1b
Wayne PA 19087, USA
Tel: +1 610 995 9600

SINGAPORE

No.1 North Bridge Road
High Street Centre #22-07
Singapore 179094
Tel: +65 6338 1235

PARIS

9 rue Huysmans
75006 Paris, France
Tel: + 33 6 79 900 846

email: mailbox@oxfordeconomics.com

www.oxfordeconomics.com



OXFORD
ECONOMICS