

Article

# The regional value of tourism in the UK: 2013

Estimates of the economic value of tourism within UK regions and sub-regions. It includes supply and demand data relating to tourism and tourism industries.

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# 1. Key points

The total tourism expenditure in the UK in 2013 was approximately £140 billion.

40% of all tourism expenditure in the UK during 2013, amounting to £56 billion, was in London and the South East.

The proportional output of all industries in the UK that can be directly attributed to tourism spend was 3.7%.

Wales and the South West have the highest proportions of their economic output that can be directly attributed to tourism spend (4.9% and 4.5% respectively), followed by London with 4.3%.

## 2. Introduction

This report examines the value of tourism in the regions and sub-regions of the UK. Tourism is very much driven by tourism expenditure, also referred to as tourism demand, and any analysis of the economic value, or contribution, of the sector is dependent on information on the spending of visitors.

This expenditure is on products and services provided by industries however there is no sole “tourism industry”, but rather a set of industries (for example, accommodation services, food and drink serving activities, and passenger transport services). It is this set of tourism industries that constitute the supply side of tourism. The difficulty in measuring the value of tourism is determining what proportion of the output of these tourism industries is accounted for by the expenditure of visitors. In other words we need to reconcile the supply (referring to the output of tourism industries and non-tourism industries in an area) and demand (referring to tourism consumption or expenditure) sides of tourism.

The most complete reconciliation of these 2 elements of tourism is the Tourism Satellite Account (TSA), developed internationally by the UN World Tourism Organisation, the Organisation for Economic Co-operation and Development (OECD) and Eurostat. The TSA uses a National Accounts framework to determine the supply side of tourism, in terms of output and employment. This information is reconciled with demand side (visitor expenditure) data from overseas visitors to the UK, domestic overnight visitors, same day visitors, and the expenditure of UK residents travelling abroad before they depart the country (that is, within the UK).

The end result of this reconciliation is a set of tourism ratios for each tourism product or service, which indicates the proportion of the value or output that is attributable to visitor expenditure. A [complete TSA for the UK](#) has been produced by the Office for National Statistics (ONS) for the reference date 2013 (the latest available [Input-Output and Supply Use Tables](#) on which these are based is for 2013).

The TSA analysis can be extended to the regional level in the UK and the sub-regional level in England and Wales (down to NUTS 2) to give an indication of the value of tourism in these areas. Estimates are also provided for the nations of Scotland and Northern Ireland. A previous version of this release included estimates to NUTS 3 level, but this has not been repeated for this release as this would necessitate the use of 3- year averages for the tourism demand surveys used in the analysis, due to small sample sizes.

It is important to note that it is not possible to construct “regional TSAs” in the UK without fully developed regional Input-Output and Supply Use Tables (IO&SUT), part of the National Accounts framework, currently only produced at a national level. However, a disaggregation of the main outputs of the TSA to regional and sub-regional levels can be produced. This disaggregation is achieved through the use of business survey data from ONS and visitor expenditure data from tourism surveys. These enable us to give estimates of the supply and demand sides of tourism, which allows for a reconciliation of the two at a regional level. This is achieved by calculating the proportion of output within an area, measured in terms of GVA that is directly attributable to the expenditure of tourists. The [full methodology for this analysis](#) can be found on the archived version of our website.

### 3. Tourism's contribution to regional and sub-regional economies

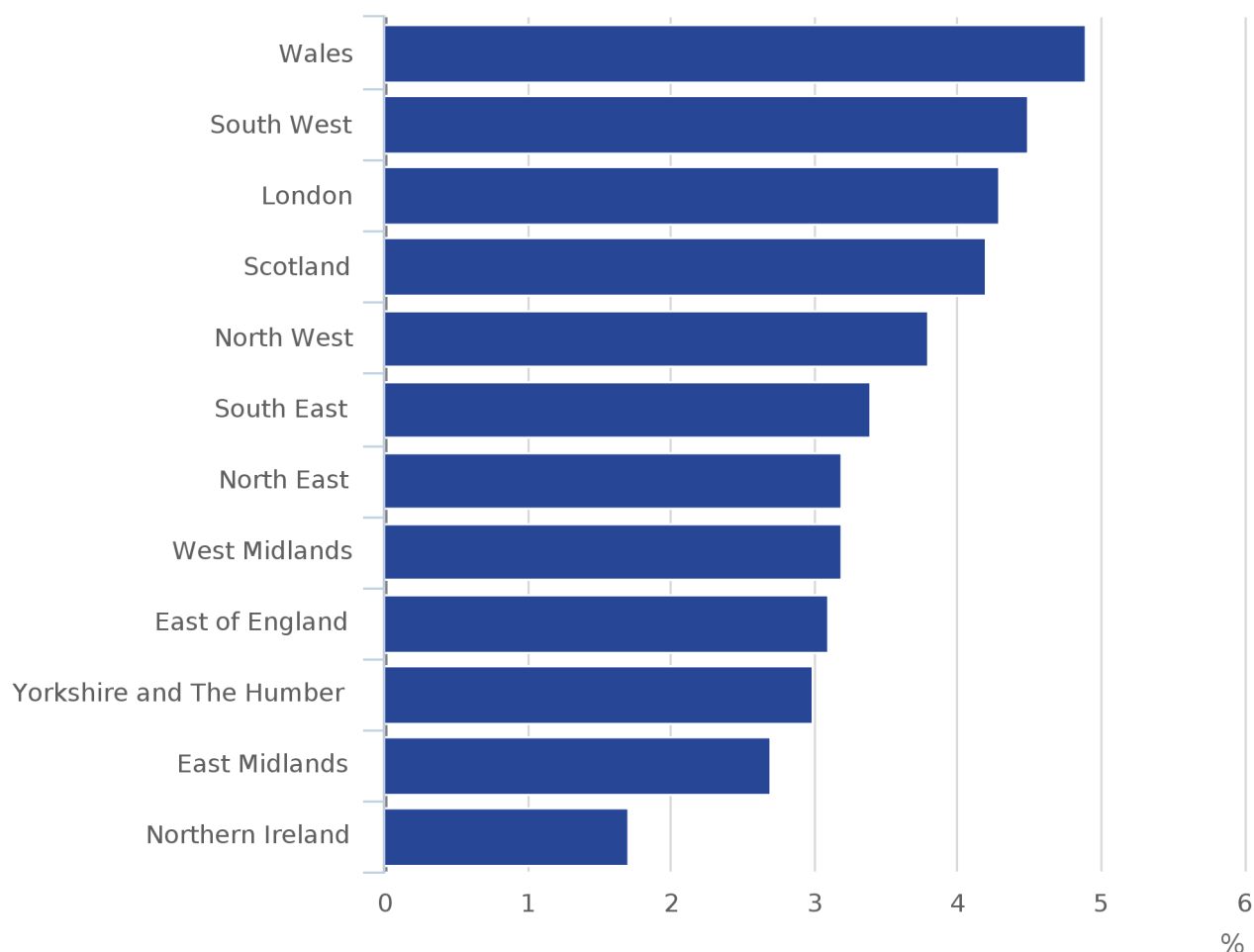
This section examines how tourism expenditure affects the economic output of regions. This can be determined by calculating a tourism ratio for each region or sub-region. This statistic is the result of dividing the total demand within an area (or visitor expenditure) by the total supply (or output of all industries) in each region.

The tourism ratio itself is a good measure of the economic importance of the tourism sector within regions, as it shows the proportion of the output of all industries in a region that is attributable to tourism expenditure.

Figure 1 shows the tourism ratio by UK region (NUTS 1) and Figures 2 and 3 at the sub-regional level in England, Wales and Northern Ireland (NUTS 2) and the region of Scotland (NUTS 1). Wales (4.9%) and the South West (4.5%) have the highest tourism ratios but there are a number of regions with ratios above 3.7% (which is the UK average). From further exploration, the main contributor to the high tourism ratio in Wales is West Wales and the Valleys (5.7%) and the main contributor to the tourism ratio in the South West is Cornwall and the Isles of Scilly (9.9%).

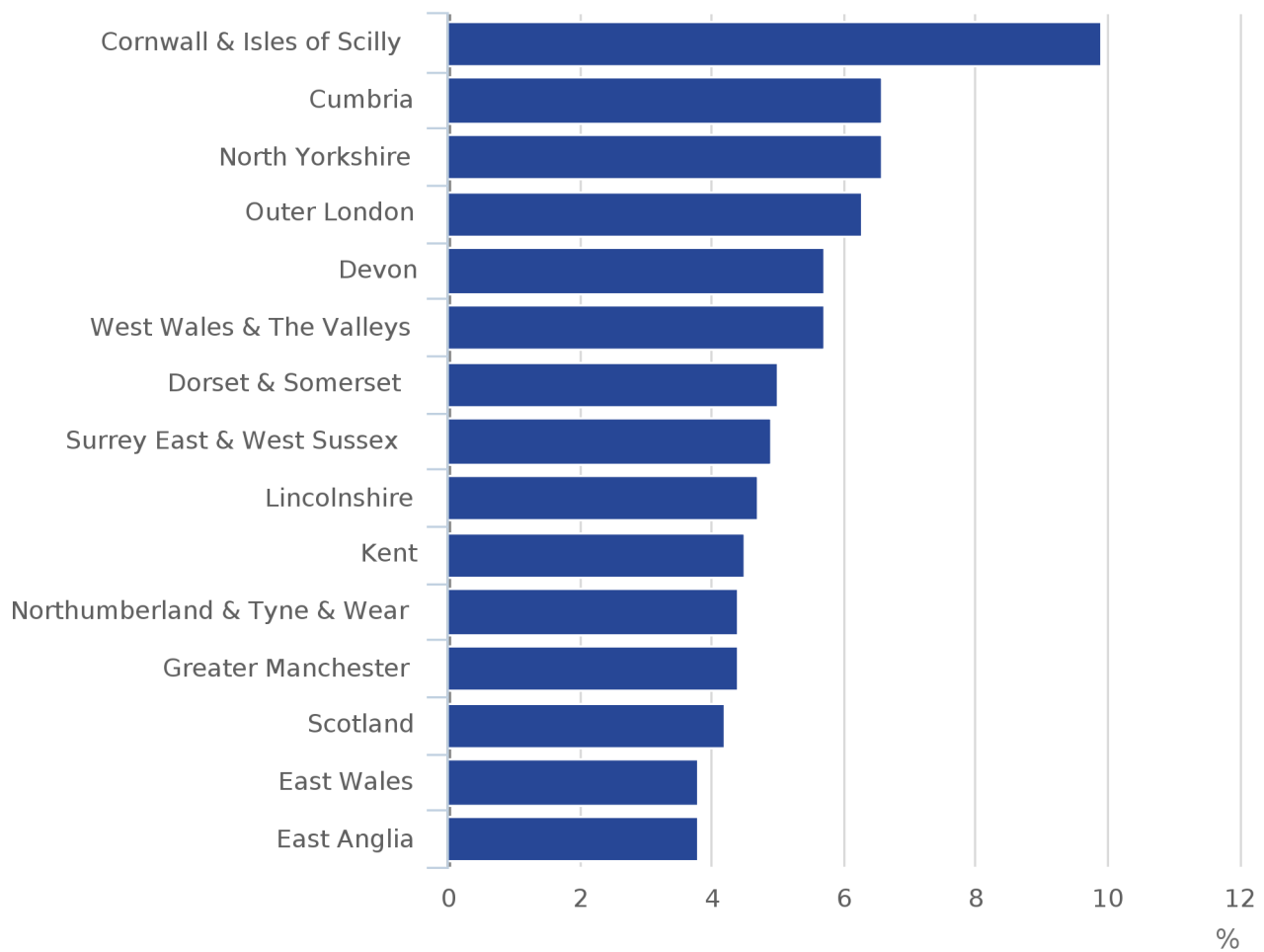
At the sub-regional level, tourism would be expected to have a dominant role in creating output in some regions and Figure 2 shows this clearly in relation to Cornwall and the Isles of Scilly, Cumbria and North Yorkshire in particular.

**Figure 1: Tourism ratios for the regions and nations of the UK (NUTS 1) in 2013**



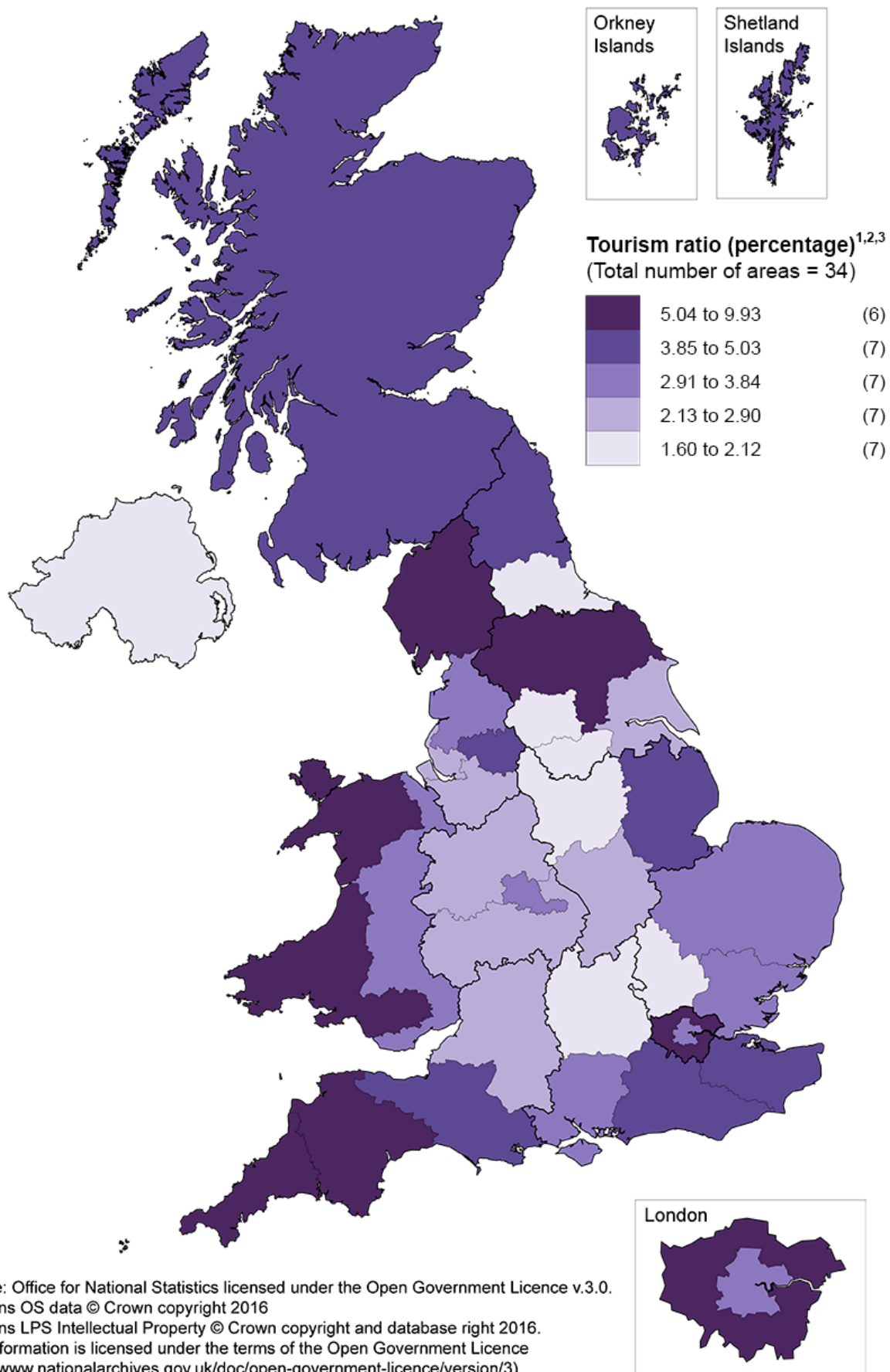
Source: UK TSA 2013 (ONS), ONS IO&SUT 2013, Annual Business Survey 2013; GB Day Visits Survey 2013; GB Tourism Survey 2013; International Passenger Survey 2013

**Figure 2: Tourism ratios at the sub-regional level in the UK in 2013 (top 15 ranked NUTS 2 regions in England and Wales - Scotland and Northern Ireland totals included)**



**Source: Sources: UK TSA 2013 (ONS), ONS IO&SUT 2013, Annual Business Survey 2013; GB Day Visits Survey 2013; GB Tourism Survey 2013; International Passenger Survey 2013**

**Figure 3: Tourism ratio by NUTS 2 area, UK in 2013**



1 The tourism ratio is the proportion of domestic supply in a region accounted for by the spend of tourists.

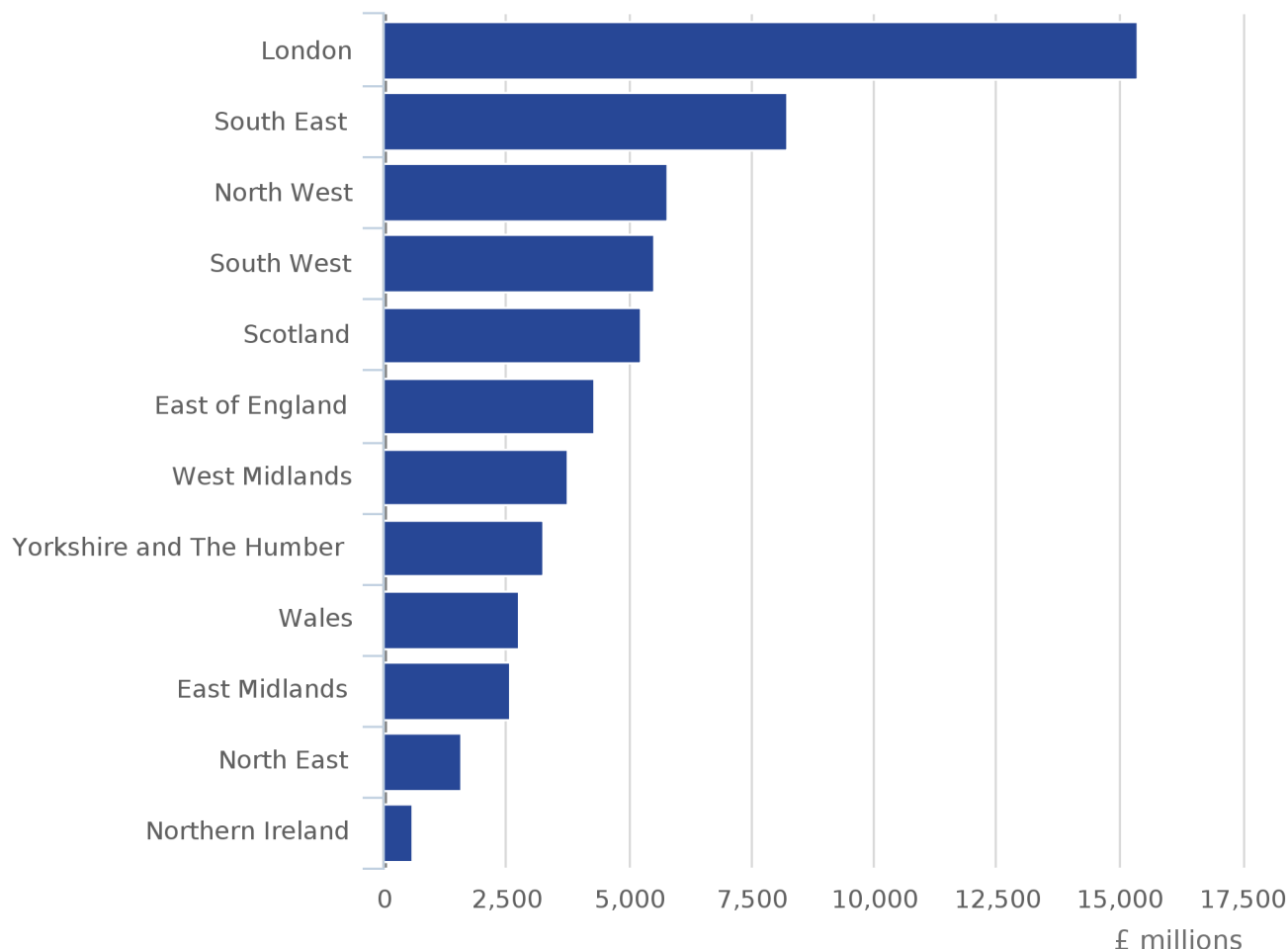
2 Data for Scotland are shown at NUTS level 1 only.

3 NUTS 2 is an abbreviation for Nomenclature of Territorial Units for Statistics, level 2.

The tourism ratio is an important statistic in terms of this analysis because it is used in the calculation of tourism direct gross value added (TDGVA) for each region and sub-region. This is achieved through a multiplication of the tourism ratio and the total GVA of each region in current prices (which are not adjusted to remove the effects of inflation). The TDGVA is a main aggregate in tourism statistics and is also derived in the Tourism Satellite Account.

Figure 4 displays the TDGVA for the regions and nations of the UK (NUTS 1) and Figures 5 and 6 at the sub-regional level in England, Wales and Northern Ireland (NUTS 2) and the region of Scotland (NUTS 1). It is clear that London has a dominant position in terms of TDGVA, followed by the South East, North West and South West. This reflects the size of the host economy to some extent, but also the role of major airports and other major ports. This becomes clearer when we look at the sub-regional figures, where Surrey, East and West Sussex has the fourth highest TDGVA which could partly be explained by the presence of Gatwick airport.

**Figure 4: Tourism direct gross value added (£ millions) in regions and nations of the UK (NUTS 1) in 2013**

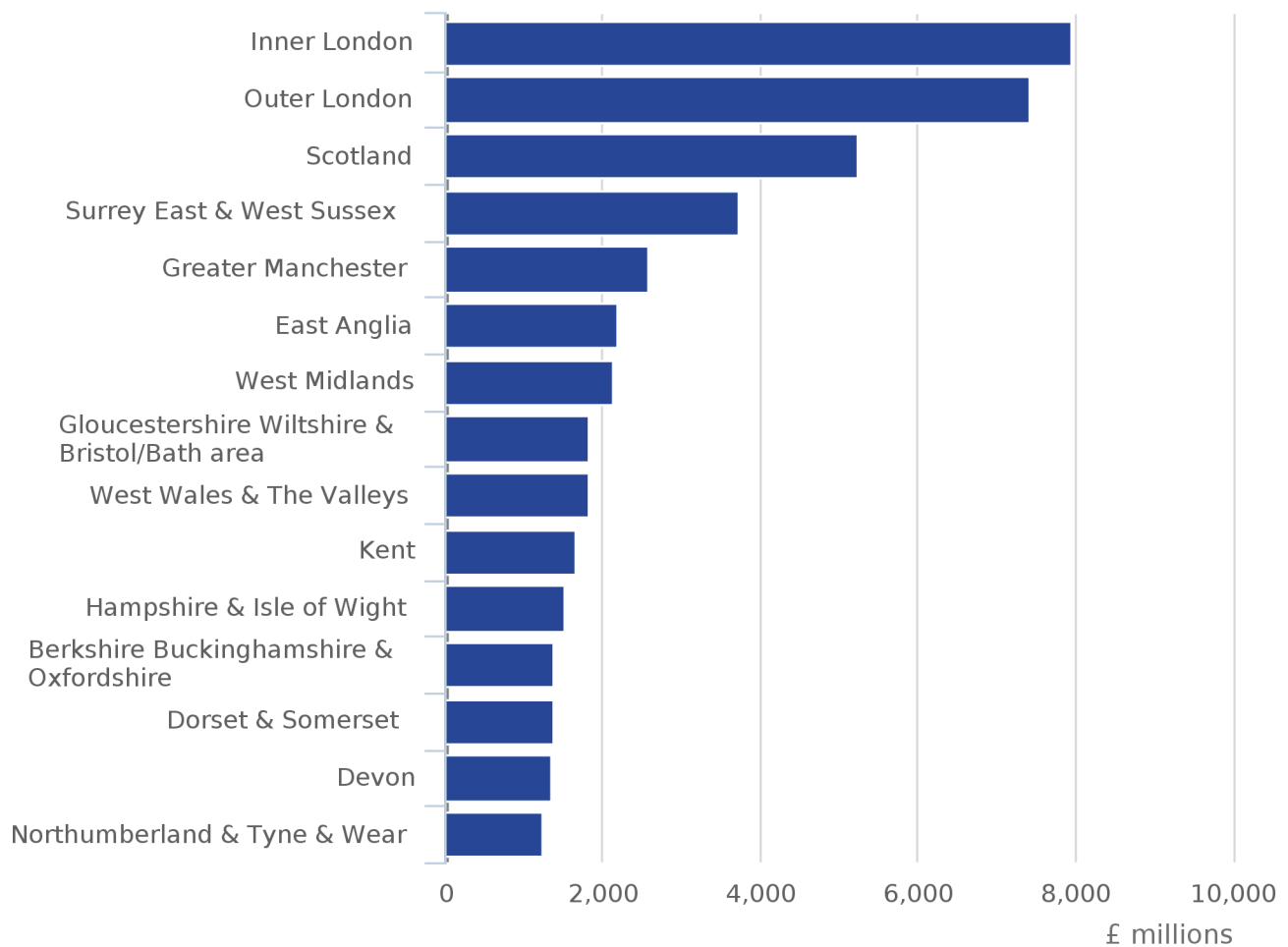


Source: UK-TSA 2013 (ONS), ONS IO&SUT 2013, Annual Business Survey 2013; GB Day Visits Survey 2013; GB Tourism Survey 2013; International Passenger Survey 2013

**Notes:**

1. Current prices.

**Figure 5: Tourism direct gross value added (£ millions) at the sub-regional level in the UK in 2013 (top 15 ranked NUTS 2 regions in England and Wales - Scotland and Northern Ireland totals included)**

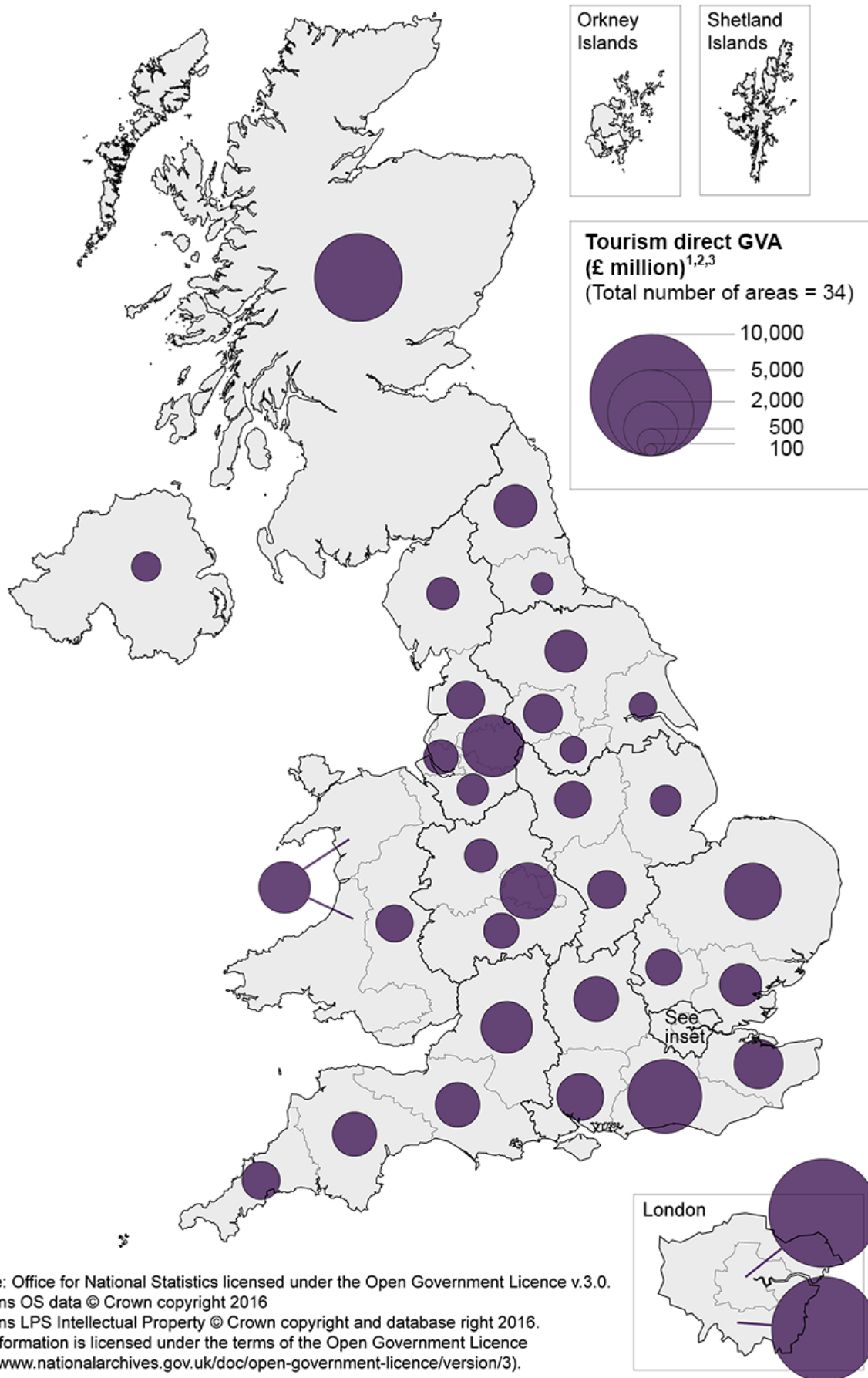


Source: UK-TSA 2013 (ONS), ONS IO&SUT 2013, Annual Business Survey 2013; GB Day Visits Survey 2013; GB Tourism Survey 2013; International Passenger Survey 2013

**Notes:**

1. Current prices

**Figure 6: Tourism direct gross value added by NUTS 2 area, United Kingdom in 2013**



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- 1 Tourism direct GVA is the amount of Gross Value Added in a region that is directly accounted for by the spend of tourists.
- 2 Data for Scotland are shown at NUTS level 1 only.
- 3 NUTS 2 is an abbreviation for Nomenclature of Territorial Units for Statistics, level 2.



In the following sections we consider in more detail the profile of tourism expenditure (or demand) in each region and the steps taken to derive estimates of the total supply for each region.

## 4. The demand side of tourism

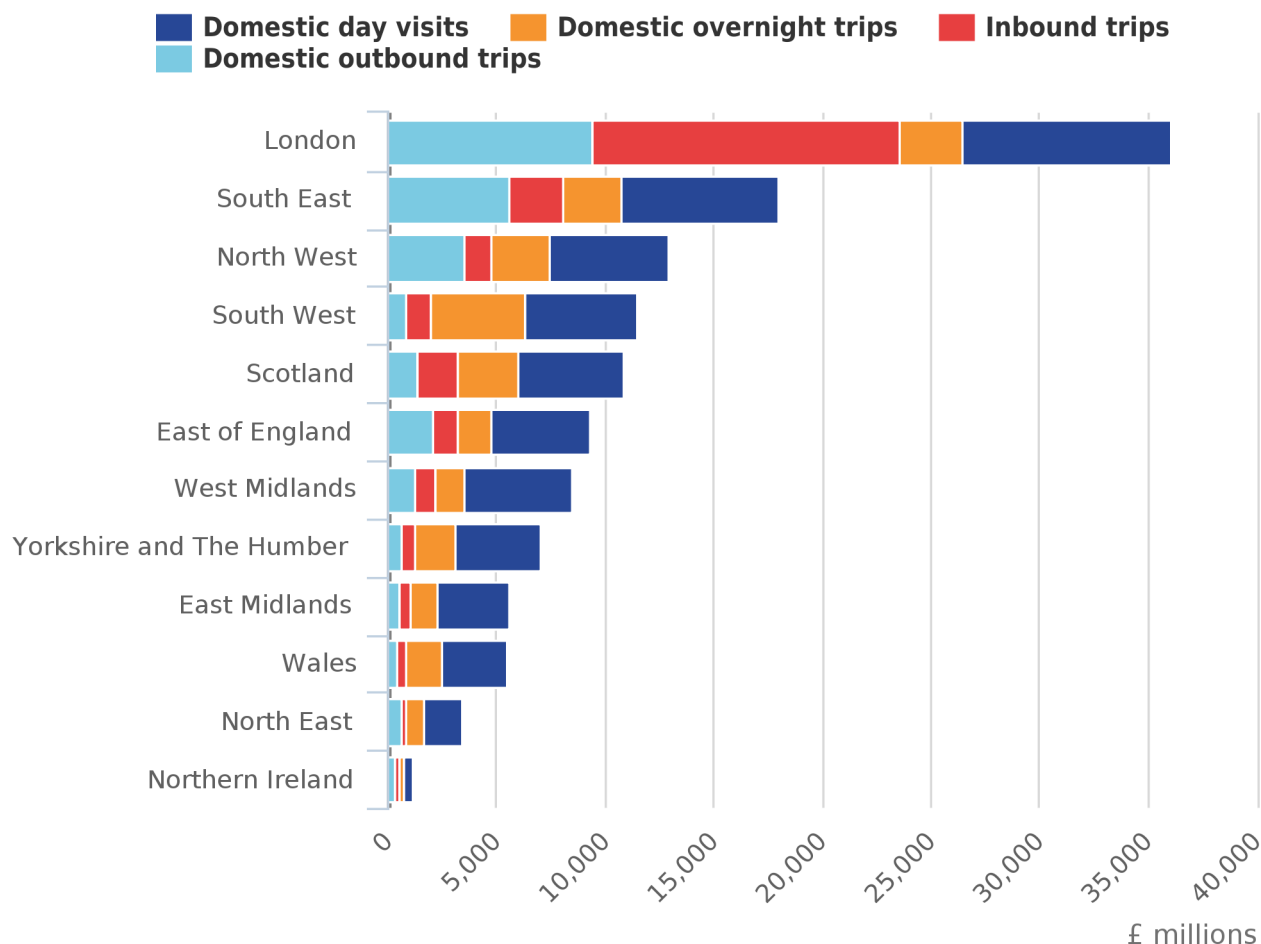
In this section the expenditure of tourists is analysed in each region and sub-region in terms of the type of visit. This includes:

- inbound visits, which refers to visits to the UK from overseas tourists
- domestic overnight visits, which refers to UK residents taking trips within the UK that include an overnight stay
- day visits, which refers to UK residents taking a tourism day visit within the UK
- domestic outbound visits, which refers to UK resident spend within the UK on trips abroad (this includes spend on fares to UK-based carriers, for example, airlines)

### Tourism expenditure by region

Figure 7 shows that 40% of the total 2013 tourism expenditure was in London and the South East. Spend relating to outbound travel was particularly prevalent in these areas at around 57% of the total. This reflects the large proportion of UK outbound airport passengers flying from Heathrow and Gatwick, as well as the ferry and Channel Tunnel departures from these 2 regions.

**Figure 7: Estimated tourism expenditure (£ millions) by UK NUTS 1 area and visit type in 2013**



Source: UK-TSA 2013 (ONS); International Passenger Survey 2013; GB Day Visits Survey 2013; GB Tourism Survey 2013

**Notes:**

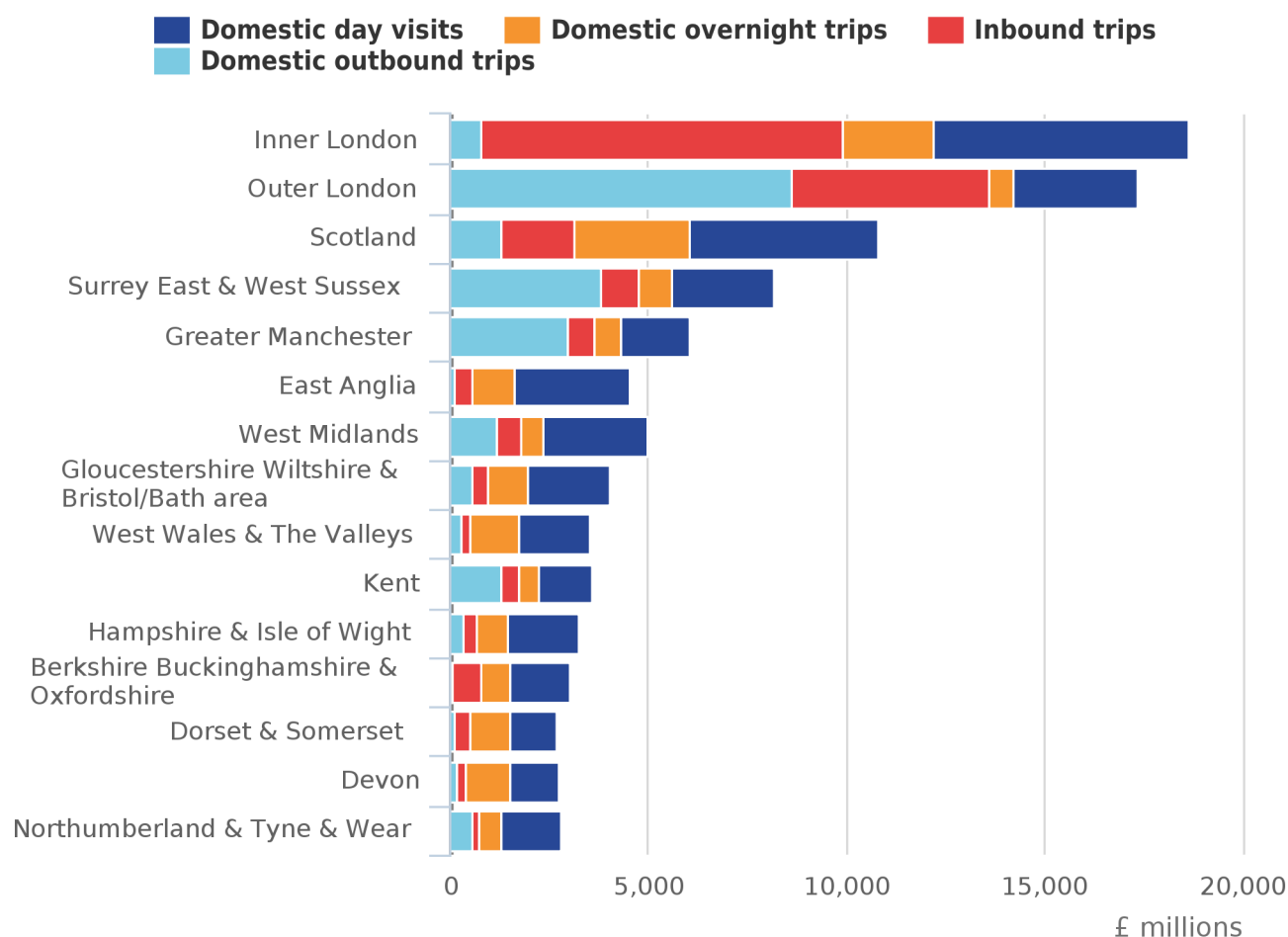
1. Current prices

London and the South East also received 30% of expenditure on domestic day visits, reflecting a combination of their high populations and the large number of days out to London from elsewhere in the UK. In addition, over half of expenditure by overseas visitors in the UK was in London. However, for domestic overnight stays, the South West of England received the highest expenditure, with 17% of the UK total, followed by London and Scotland.

## Tourism expenditure by sub-region

Sub-regional data in Figure 8 illustrates how types of visitors contribute to overall expenditure in the NUTS 2 areas of England and Wales and NUTS 1 areas of Scotland and Northern Ireland. In areas with busy airports, domestic outbound expenditure is, not surprisingly, very prevalent. Domestic day visit expenditure is particularly important in areas that include major conurbations or are relatively close to London and the South East. The importance of spend from domestic day visitors is clearly an important element of overall tourism spend in many regions of England and Wales, with Inner London generating the highest level of spend in this category of visitor. Scotland has the second highest level of spend from this type of visitor.

**Figure 8: Estimated tourism expenditure (£ millions) by UK sub-regions and visit type in 2013 (top 15 ranked NUTS 2 regions in England and Wales - Scotland and Northern Ireland totals included)**



Source: UK-TSA 2013 (ONS); International Passenger Survey 2013; GB Day Visits Survey 2013; GB Tourism Survey 2013

**Notes:**

1. Current prices

## 5. The supply side of tourism

In this section we detail the steps taken to analyse the supply side of tourism and derive estimates of the total supply for each region.

There are 2 distinct steps in this analysis.

### Step 1: Calculating the gross value added of the tourism industries

According to international recommendations on the compilation of the Tourism Satellite Account (TSA: RMF, 2010), the gross value added of the tourism industries (GVATI) is an important aggregate in an analysis of the economic contribution of tourism:

“Gross Value Added of the Tourism Industries (GVATI) simply sums the total gross value added of all establishments belonging to tourism industries, regardless of whether all their output is provided to visitors and of the degree of specialization of their production process. It leaves out the value added from other non tourism industries which outputs have been acquired by visitors or by others for their benefit” (TSA: RMF, pg. 47).

It can be seen from this that, although an important first step in determining the contribution of tourism in an economy, GVATI is an imperfect measure as it doesn't distinguish between resident and visitor expenditure on the goods and services provided. It also excludes expenditure by visitors on goods and services provided by industries that are not part of the tourism industries, for example retail industries.

Nevertheless, GVATI is an important indicator as it allows us to determine the levels of output attributable to tourism industries in each region and sub-region, which are then used to apportion the total output from the ONS Input-Output and Supply Use Tables (SUT) for 2013 in the next stage of the analysis.

## **Step 2: Balancing to supply use table totals**

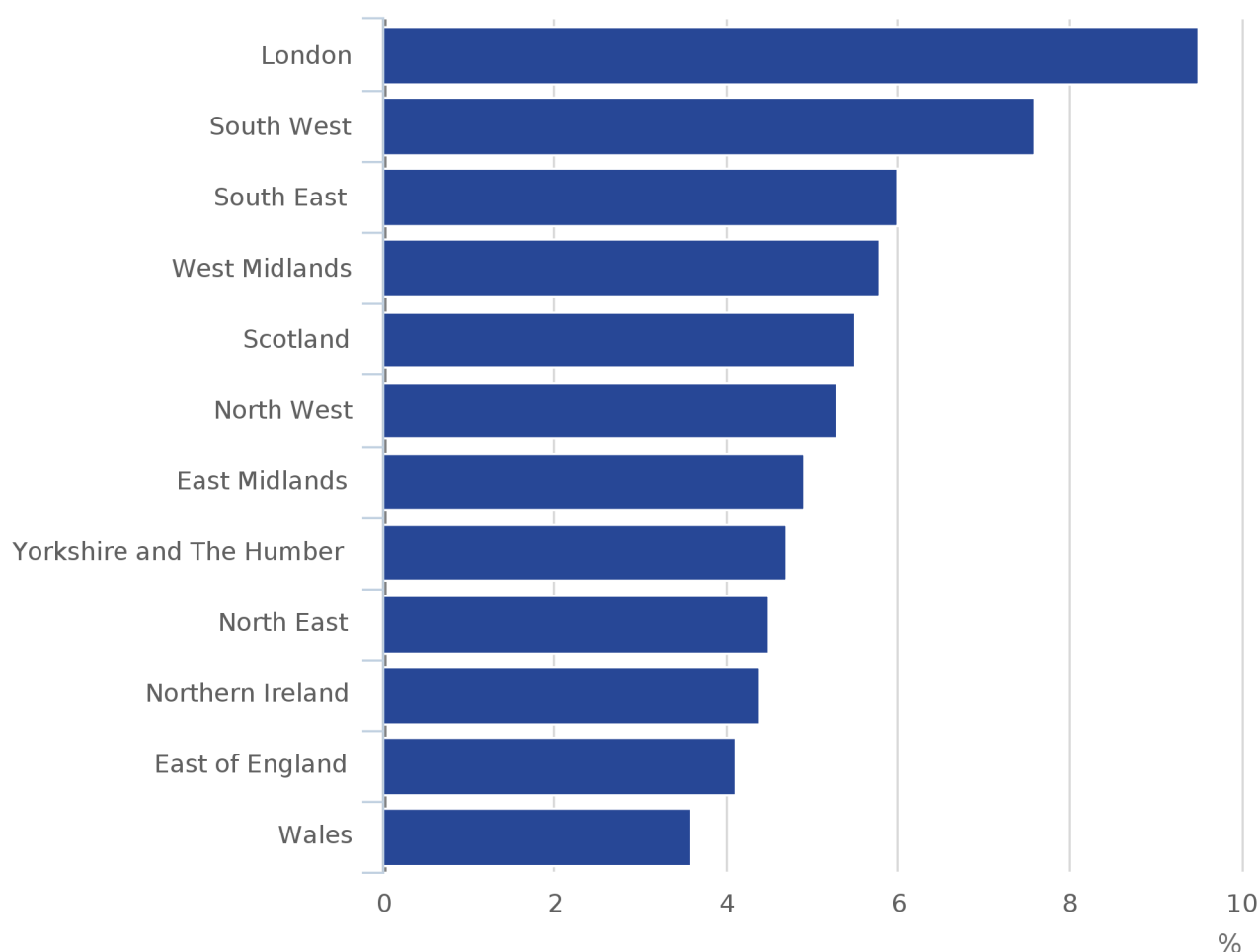
The next step in the analysis of the supply side data is to balance the GVATI within each region with the total supply of producers from the ONS SUT. This is a necessary step as it allows for the eventual calculation of tourism direct gross value added (TDGVA). This stage of the analysis involves taking the shares of GVA in the tourism industries divided by the total GVA for each region, and then apportion this by the GVA at basic prices (which excludes taxes), as reported in the SUT.

The choice of using the SUT as the denominator allows us to obtain regional totals summing up to national UK figures, in particular those published in the UK Tourism Satellite Account. This means that regional and sub-regional TDGVA and total GVA results all adding up to the UK totals published previously. This internal consistency is a main advantage of the methodology.

In Figure 9 we show the percentage figure for the GVATI (GVATI%) at the regional level in 2013. In this chart a high figure means that a high percentage of regional output (represented by GVA) is accounted for by the tourism industries within that region.

Figure 9 shows that the regions with the highest GVATI% are London and the South West. This reveals the relative importance of the tourism industries in terms of contributing to GVA within each of the regions. It does not, however, distinguish between visitor and resident spend, and therefore this figure does not provide an accurate picture of the direct contribution of tourism to a region.

**Figure 9: The percentage of gross value added of the tourism industries in the regions and nations of the UK (NUTS 1) in 2013**



**Source: UK-TSA 2013 (ONS), ONS IO&SUT 2013, Annual Business Survey 2013**

Similarly Figure 10 shows the GVATI% indicator in relation to the sub-regions of England and Wales (NUTS 2) and regions of Scotland and Northern Ireland. As with the regions, this is a useful indicator of the strength of the tourism industries within each sub-region but shouldn't be considered as a measure of the economic contribution of tourism. Here Outer London and Gloucester, Wiltshire and Bristol/Bath have the highest levels of GVATI%.

**Figure 10: The percentage of gross value added of the tourism industries at the sub-regional level in the UK in 2013 (top 15 ranked NUTS 2 regions in England and Wales - Scotland and Northern Ireland totals included)**



Source: UK-TSA 2013 (ONS), ONS IO&SUT 2013, Annual Business Survey 2013

## 6. Sources of supply and demand data

### Supply side sources

The main source of information used in relation to the supply side of tourism is the regional version of the Annual Business Survey (ABS) from 2013 which includes a scaling factor to ensure that data are representative at the regional level. The ABS is used to determine the output or gross value added (GVA) of the tourism industries. These tourism industries are derived from 40 5-digit Standard Industrial Classifications codes for 2007 (SIC codes) (see Annex A).

Other sources of information on the supply side include the ONS Supply and Use Tables for 2013 which are used to derive estimates of the output of the tourism industries in purchaser prices (which include taxes) as well as estimates of the regional economies on the same basis. This is important in the calculation of tourism ratios for each region and sub-region that allow us to determine the GVA directly attributable to tourism. ONS regional accounts data on GVA at the regional and sub-regional levels are also employed as the numerator for GVA of the tourism industries in each region.

### Demand side sources

## **Inbound tourism:**

The International Passenger Survey (IPS) provides an estimate of total expenditure by overseas visitors within the UK. Domestic overnight visitors:

The main source of information for this category of visit is the annual Great Britain Tourism Survey (GBTS). The ONS annual Family Spending publication provides data on expenditure associated with second-home ownership.

## **Domestic day visitors:**

The Great Britain Day Visits Survey (GBDVS) is the first Great Britain-wide survey of day visits since 2002 to 2003 and replaces the 2005 England Leisure Visits Survey (ELVS).

## **Outbound tourism spend within the UK:**

The International Passenger Survey includes estimates of UK residents' expenditure on fares to overseas locations and on package holidays abroad. The latter was used to estimate the foreign-holiday related travel agent expenditure. Passenger numbers (for airports, sea ports and the Channel Tunnel) were used to provide a total estimate of spend.

## **Sources of subnational expenditure breakdowns**

### **Inbound tourism:**

Output from the International Passenger Survey (IPS) includes expenditure information for UK counties and unitary authorities, categorised by purpose (for example, holiday, business, visiting friends and relatives). Using 2012 to 2014 combined data, this geographical breakdown provides data for all regions, most sub-regions and some local areas. This was further disaggregated using the totals from the 2013 Tourism Satellite Account (UK-TSA) release to enable estimates for 2013 to be produced.

To obtain estimates for all areas, counts of visits to towns and cities from the IPS and domestic surveys were used to allocate spend to specific NUTS 2 areas that are part of larger geographies.

### **Domestic overnight visitors:**

Results from the GBTS routinely include information about spend for the 9 English regions and for Scottish and Welsh sub-regions. Visit England recently produced an analysis of the GBTS for 2012 to 2014 with expenditure data for holiday and non-holiday purposes for English local authorities and we used this with some amendments to provide subnational estimates of spend. Visit Wales produce estimate for the unitary authorities in Wales for the same source which are used in this release.

For expenditure on second homes, the proportions of people with a non-work second home in each area in the 2011 Census were applied to the TSA total in Table 4 of the 2013 UK-TSA release.

### **Domestic day visitors:**

The GBDVS provides local authority level spend estimates and these were used to allocate to NUTS 2 and NUTS 1 areas of England and Wales using data from 2013.

## Outbound tourism spend within the UK:

Expenditure at and en-route to overseas holiday destinations were assigned to the location of the departure point, using passenger numbers to provide these estimates. Because the IPS does not include data for all airports or sea ports, we have only used this source for a geographical breakdown of Channel Tunnel passenger information. For airports we used Civil Aviation Authority data, and Department for Transport (DfT) statistics for sea ports. The proportions of passengers at each airport, sea port or Channel Tunnel departure point were applied to the TSA totals in Table 2 of the 2013 UK-TSA release.

Expenditure on air, ferry and Channel Tunnel fares were assigned to the departure point within the UK. IPS fare spend data was used for outbound air and Channel Tunnel travel, with an adjustment to the former to include less busy airports not covered by the IPS. DfT passenger numbers were used to allocate ferry spend between sea ports.

Expenditure on travel agents' fees for overseas visits has been allocated to the residence of the purchaser. Regional proportions of weekly expenditure on package holidays abroad from ONS's annual Family Spending publication were used.

## 7. Annex

### Annex A: The tourism industries (Standard Industrial Classification, 2007)

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Tourism Industries	SIC2007 code	Description
Accommodation for visitors	55100	Hotels and similar accommodation
	55202	Youth hostels
	55300	Recreational vehicle parks, trailer parks & camping grounds
	55201	Holiday centres and villages
	55209	Other holiday and other collective accommodation
	55900	Other accommodation
	56101	Licensed restaurants
	56102	Unlicensed restaurants and cafes
	56103	Take-away food shops and mobile food stands
Food and beverage serving activities	56290	Other food services
	56210	Event Catering Activities
	56301	Licensed clubs
	56302	Public houses and bars
Railway passenger transport	49100	Passenger rail transport, interurban
Road passenger transport	49320	Taxi Operation
	49390	Other passenger land transport
	50100	Sea and coastal passenger water transport
Water passenger transport	50300	Inland passenger water transport
	51101	Scheduled passenger air transport
Air passenger transport	51102	Non-scheduled passenger air transport
	77110	Renting & leasing of cars and light motor vehicles
Transport equipment rental	77341	Renting & leasing of passenger water transport equipment
	77351	Renting & leasing of passenger air transport equipment
	79110	Travel agency activities
Travel agencies & other reservation services activities	79120	Tour operator activities
	79901	Activities of tour guides
	79909	Other reservation service activities n.e.c.
	90010	Performing arts
	90020	Support Activities for the performing arts
	90030	Artistic creation

	90040	Operation of arts facilities
	91020	Museums activities
Cultural activities	91030	Operation of historical sites & buildings & similar attractions
	91040	Botanical & zoological gardens and nature reserves activities
	92000	Gambling & betting activities
	93110	Operation of sports facilities
	93199	Other sports activities
Sporting & recreational activities	93210	Activities of amusement parks and theme parks
	93290	Other amusement and recreation activities nec
	77210	Renting and leasing of recreational and sports goods
	82301	Activities of exhibition and fair organisers
Country-specific tourism characteristic activities	82302	Activities of conference organisers
	68202	Letting and operating of conference and exhibition centres