



# Tourism and recreation: structuring and valuing the benefits for planning and management in the marine and coastal environment

Rupert Haines

21<sup>st</sup> January 2015

# Aims

---

- **What is tourism? What is recreation? How do we structure our thinking?**
- **What approach should we take to valuing the benefits of tourism and recreation?**

# Tourism and recreation in the MPS

---

- **No definition is given**
- **Economic sectors, benefits re. jobs and economic output**
  - Tourism is one of the top three growth sectors of the economy and supports 1.5 million jobs and contributed nearly £90bn to the economy in 2009. A similar picture exists for recreation where, for example, the estimated economic contribution of recreational boating to the UK economy was £1.042 billion in 2009/10 and employed nearly 35,000 in this sector
- **Activities**
  - The sea can provide a variety of tourism and recreational opportunities. E.g. sailing, recreational diving.....
- **Other types of benefit**
  - Tourism can enhance understanding and appreciation of the marine environment through activities such as eco-tourism and nature watching
  - Outdoor recreation and enjoyment of the coast can also provide benefits to physical and mental well being
- **The catch-all**
  - Marine plan authorities and decision makers should consider the potential for tourism and recreation in the marine environment and the benefits that this will bring to the economy and local communities.
- **Implies a separation of onshore tourism**
  - These activities, especially recreation, are likely to be varied and many will be closely linked to onshore tourism strategies and plans

# Defining tourism

---

- Is tourism an industry or a market?
- Do we define tourism by the suppliers or consumers of tourism?



# A supply side definition of tourism

---

- **“provision to visitors of the goods and services that make up tourism expenditure” (ONS, 2010)**
- **But:**
  - Tourism is not identified as an industry
  - Industries are identified as the sum of all businesses which undertake a similar activity e.g. manufacture of clothes – all businesses manufacture clothes
  - Tourism is comprised of many businesses all undertaking different types of activity providing a variety of different goods and services
- **Because, tourism is defined by the activity of the consumer, not the supplier**

## A demand side definition of tourism

---

- **“A movement of people to places outside their usual place of residence, pleasure being the usual motivation” (ONS, 2010)**
- **“A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited” (UNWTO, 2007).**

# Tourism supply and demand side information categories

**Table 1: Broad tourism information categories.**

Supply Side	Demand Side
<p>1. Business establishments (for tourism-related sectors), including:</p> <ul style="list-style-type: none"> <li>- Business stock</li> <li>- Business turnover</li> <li>- Gross Value Added</li> </ul> <p>2. Employment (for tourism-related sectors), including:</p> <ul style="list-style-type: none"> <li>- Jobs</li> <li>- Duration, seasonality and type of work</li> <li>- Skills and pay</li> </ul> <p>3. Accommodation, including:</p> <ul style="list-style-type: none"> <li>- Capacity / bedstock</li> <li>- Occupancy</li> </ul> <p>4. Visitor attractions, including:</p> <ul style="list-style-type: none"> <li>- Audit</li> <li>- Performance</li> </ul>	<p>5. Visitors, including:</p> <ul style="list-style-type: none"> <li>- Numbers</li> <li>- Type (class, demographics, etc.)</li> <li>- Origin</li> <li>- Preferences and values</li> <li>- Activities</li> </ul> <p>6. Trips, including:</p> <ul style="list-style-type: none"> <li>- Main Purpose</li> <li>- Duration</li> <li>- Main Destination</li> <li>- Destination type (incl. seaside/coastal)</li> <li>- Modes of transport</li> <li>- Types of accommodation used</li> <li>- Organisation</li> <li>- Expenditure</li> </ul>

# Tourism and recreation – the supply side

---

- **Recreation is an industry – the businesses included are defined by the goods & services supplied**
- **“provision to visitors of the goods and services that make up tourism expenditure” (ONS, 2010)**
  - Such goods and services are provided by establishments from a range of sectors including accommodation providers, food and drink providers, transport and travel service providers and providers of cultural and **recreational services and activities** (ONS, 2010).

---

## Section R Arts, entertainment and recreation

90010	Performing arts
90020	Support activities to performing arts
90030	Artistic creation
90040	Operation of arts facilities
91011	Library activities
91012	Archives activities
91020	Museums activities
91030	Operation of historical sites and buildings and similar visitor attractions
91040	Botanical and zoological gardens and nature reserves activities
92000	Gambling and betting activities
93110	Operation of sports facilities
93120	Activities of sport clubs
93130	Fitness facilities
93191	Activities of racehorse owners
93199	Other sports activities
93210	Activities of amusement parks and theme parks
93290	Other amusement and recreation activities n.e.c.



# Tourism and recreation – the demand side

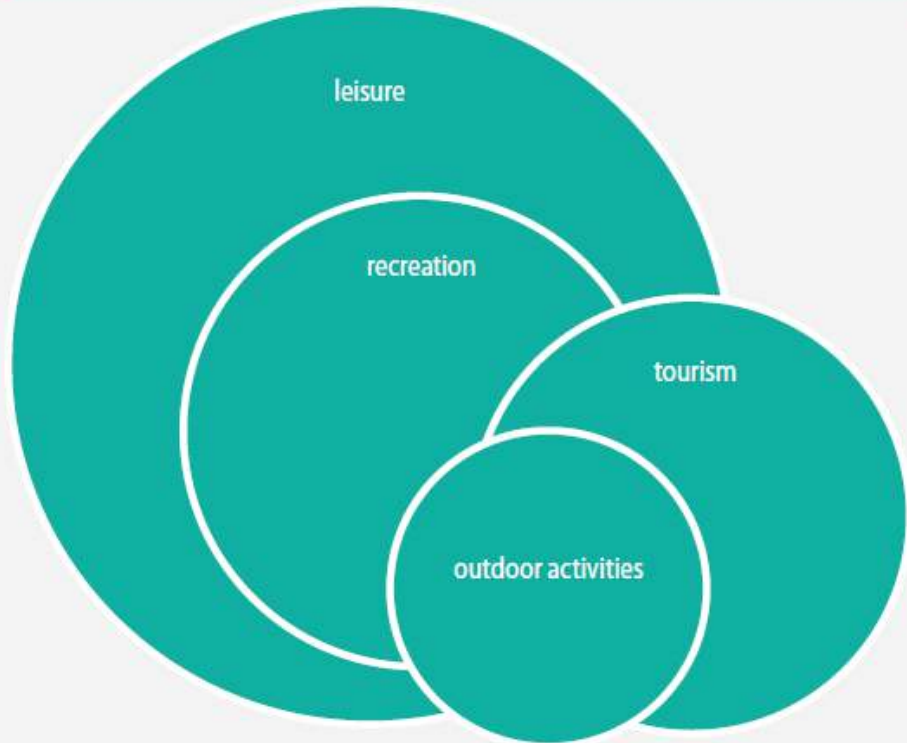


Figure 16.7 The relationship between leisure, recreation, tourism and outdoor activities.

- In its broadest sense, recreation is an activity of leisure, leisure being discretionary time
- A recreation activity may be undertaken by tourists or non-tourists
- Tourists are a sub-set of all recreation participants

# A simplistic view

---

A demand-side view



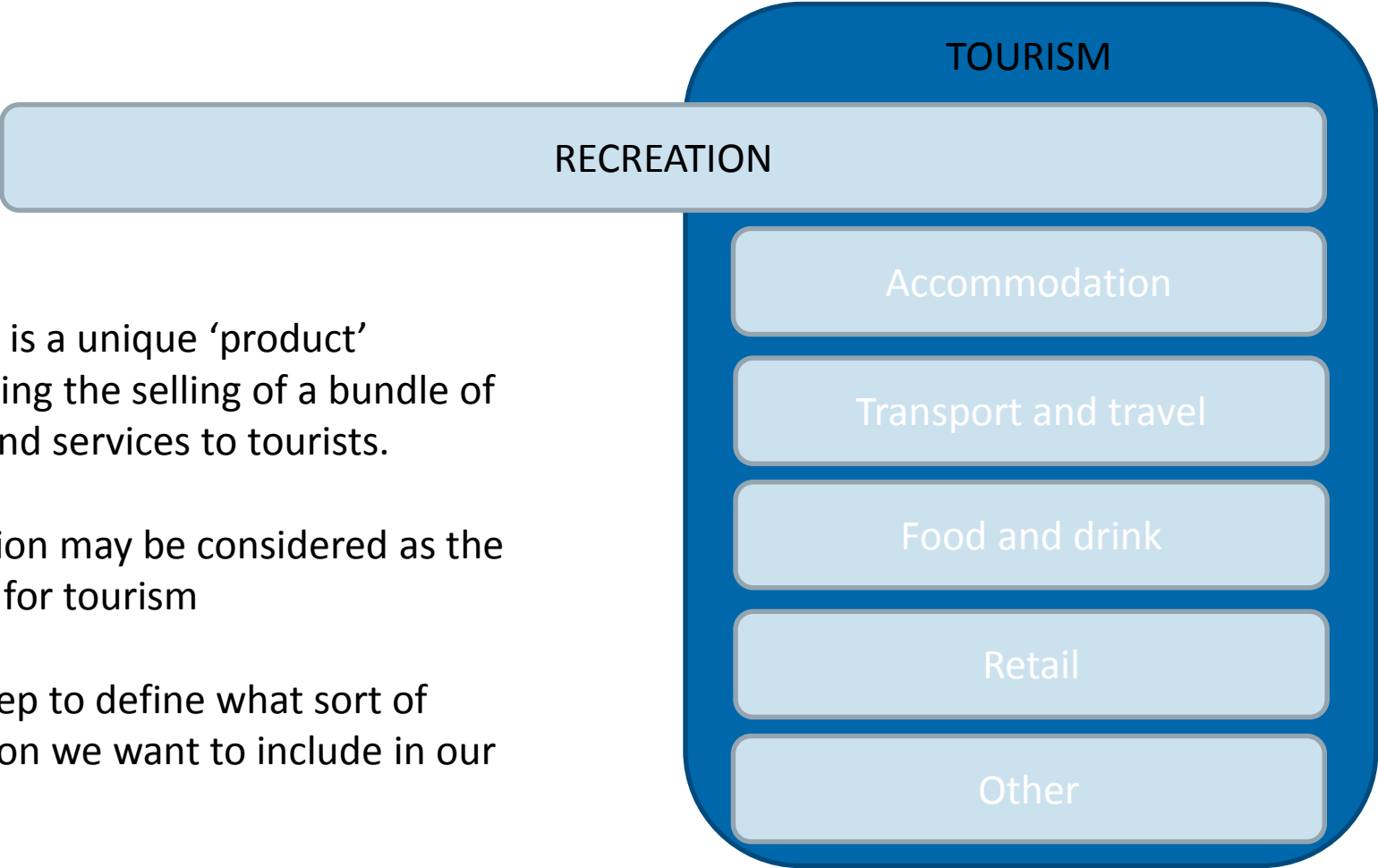
A supply-side view



# The relationship between tourism and recreation

Within usual environment

Outside usual environment



Tourism is a unique ‘product’ comprising the selling of a bundle of goods and services to tourists.

Recreation may be considered as the catalyst for tourism

A key step to define what sort of recreation we want to include in our study

# Valuing the benefits of tourism and recreation

---

- **Tourism and recreation bring a range of possible benefits**
  - Benefits to the economy and associated jobs and income
  - Benefits to the participant through the pleasure derived from doing an activity, interacting with the environment, improved health, etc
  - Benefits to groups of participants through social interaction

## Valuing benefits to the economy

---

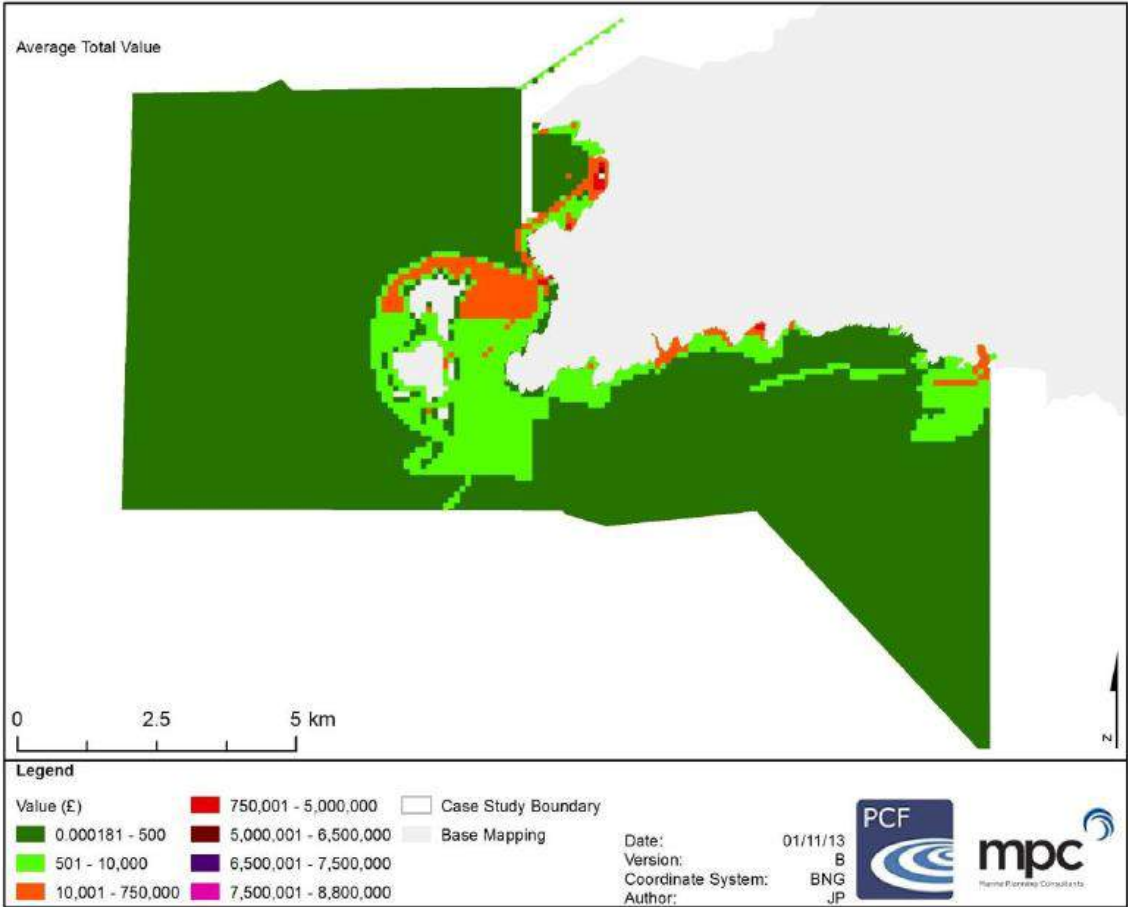
- **Standard approach for economic analysis is the application of economic statistics for individual sectors (SICs codes) – supply and output**
- **But tourism is more readily considered to be expenditure driven and hence**
  - Economic impact = number of tourists x tourist expenditure x multipliers
- **Assuming what we're really interested in is particular activities relevant to the policy area e.g. boating, we can expand this to include non-tourist expenditure**
- **Expenditure patterns of tourists are likely to be different to non-tourists**
  - Visit expenditure and non-visit expenditure
- **Problem – availability of expenditure data**
  - National visitor/tourism datasets
  - Activity-specific data and research

## Valuing the benefits to the economy – data availability

Level	Tourism Activity	Spending	Multipliers
1- Judgement	Expert judgement to estimate tourism activity	Expert judgement or an “engineering approach” <sup>1</sup>	Expert judgement to estimate multipliers
2	Existing tourism counts for the area or total estimates from a similar area or facility	Use or adjust spending averages from studies of a similar area/market	Use or adjust aggregate tourism spending multipliers from a similar region/study
3	Estimate tourism activity by segment or revise estimates by segment from another area	Adjust spending that is disaggregated within particular spending categories & segments	Use sector-specific multipliers from published sources
4- Primary data	Visitor survey to estimate number of tourists by segment or a demand model	Survey random sample of visitors to estimate average spending by segment & spending category	Use an input-output model of the region’s economy

# Valuing benefits to the economy - Wales Activity Mapping

Figure B: St David's Combined Activities Value (Expenditure) Map



<http://www.walesactivitymapping.org.uk/>

# Valuing the benefits to the economy – information categories

**Table 1: Broad tourism information categories.**

Supply Side	Demand Side
<p>1. Business establishments (for tourism-related sectors), including:</p> <ul style="list-style-type: none"> <li>- Business stock</li> <li>- Business turnover</li> <li>- Gross Value Added</li> </ul> <p>2. Employment (for tourism-related sectors), including:</p> <ul style="list-style-type: none"> <li>- Jobs</li> <li>- Duration, seasonality and type of work</li> <li>- Skills and pay</li> </ul> <p>3. Accommodation, including:</p> <ul style="list-style-type: none"> <li>- Capacity / bedstock</li> <li>- Occupancy</li> </ul> <p>4. Visitor attractions, including:</p> <ul style="list-style-type: none"> <li>- Audit</li> <li>- Performance</li> </ul>	<p>5. Visitors, including:</p> <ul style="list-style-type: none"> <li>- Numbers</li> <li>- Type (class, demographics, etc.)</li> <li>- Origin</li> <li>- Preferences and values</li> <li>- Activities</li> </ul> <p>6. Trips, including:</p> <ul style="list-style-type: none"> <li>- Main Purpose</li> <li>- Duration</li> <li>- Main Destination</li> <li>- Destination type (incl. seaside/coastal)</li> <li>- Modes of transport</li> <li>- Types of accommodation used</li> <li>- Organisation</li> <li>- Expenditure</li> </ul>



# Valuing benefits to the economy – the importance of tourism

---

- **Economic development strategies often talk solely about tourism**
- **Because of the concept of additionality**
  - Economic analysis is typically undertaken for a defined spatial area – e.g. a region
  - Tourism is effectively an export – it creates an inflow of money to the area being considered
  - Increasing tourism brings new expenditure into an area and hence supports economic activity and jobs
  - Non-tourist recreation is something residents spend their earning on – assuming their income budgets are fixed, increasing recreation and hence expenditure on recreation must come due to a shift in their expenditure from some other goods and services – hence it may not support additional economic activity and jobs, but shift the distribution between economic sectors
- **Because tourism is a ‘product’ covering multiple economic sectors and tourists will typically buy a bundle of goods and services, not just recreation goods and services**
- **Because the supporting infrastructure is arguably more important for tourism**

## Economic welfare: TEV and non-market valuation

---

- **Recognition that the value of many of the benefits enjoyed through tourism and recreation are not adequately reflected in market prices for individual activities**
- **Cultural ecosystem services**
  - Typically include recreation, aesthetics, cultural heritage, education, health, spiritual and religious goods.
  - The benefits that derive from these goods are often grouped together and cannot necessarily be isolated from each other; for example, health, heritage and spiritual benefits may arise from a leisure visit (UK NEA, 2011).
  - The ES services framework and assessment of economic welfare take a demand-side definition – they are very much concerned with the act and benefits of consumption [or more specifically, consumptive and non-consumptive use]
  - The leisure visit in the previous example may be a tourist or non-tourist visit - the nature of the benefits may differ

# What drives change in tourism and recreation benefits and values?

---

- **What are the attributes that drive tourist and non-tourist activity?**
- **If attributes change as a result of a policy or plan, what will be the effect? Will they change individuals propensity to undertake an activity, will they change the value of the benefits that they derive from it?**
- **It is feasible that changing attributes have differing magnitude/direction of impacts when measured through the effects on the economy vs the effects on economic welfare**

## In summary

---

- **Tourism isn't a recognised economic sector in standard economic classifications of economic activities**
- **It is important that we recognise that there are demand and supply side definitions, and that discussion of both is relevant and requires different data and information**
- **How we use these definitions to structure analysis should depend on what the analysis is to inform – but will also be in part dictated by the data that we have available – typically a demand side view is taken through analysis of expenditure**
- **The two approaches identified for valuing the benefits are distinct – they are concerned with different types of benefits – both are likely to be of interest**



Thank you