

Introduction

The British Hospitality Association (BHA) produces an annual report on trends and statistics in the UK Hospitality sector. Horizons produces information about the total eating out market in the UK,

Both organisations have recognised that it makes sense to be able to reconcile statistical information about the whole of the hospitality, leisure and tourism sectors and the role of eating out within them.

Accordingly, as part of a joint-funded programme of research, Horizons carried out a project designed to prepare a consistent view of the market; moreover, the view was intended to be capable of being reconciled with the various principal sources that are used by the industry. The project was based primarily on secondary desk research sources and Horizons database; it was designed to be repeatable each year.

The results of the project carried out in July and August 200 were summarised in a report that formed an integral part of the BHA Trends and Statistics Report 2005.

The report is reproduced below. Contact Horizons for any discussion:

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UK Tourism and Leisure Industry

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According to government statistics, the UK tourism and leisure market was estimated to be worth £75bn in 2004 (see table 4). The Department of Culture, Media and Sport has set a target of £100m by 2010.

BHA and Horizons FS have re-examined this calculation taking into account the full spectrum of the industry. This includes all overnight accommodation on business and leisure, eating and drinking away from home, all travel costs on business and leisure, visits to attractions and sports events and gambling (which is now the footprint of People 1st, the industry Sector Skills Council).

Our findings conclude that the size of the industry is in excess of the official government estimate. In the table below, we itemise the various segments of the industry, giving more detail than appears in the table. The main components are:

Table: Value of UK Tourism and Leisure Industry (£bn) 2004

	Total	Tourism - Inbound tourists	Domestic holidays - UK residents	Leisure - UK residents
Overnight accommodation	9.9	2.0	7.9	-
Eating out of home	20.1	1.0	4.1	15.06
Drinking out of home	15.9	0.3	3.0	12.6
Rail, car, coach, taxi, cab travel for leisure, tourism	4.5	1.0	2.1	1.3
Air travel within UK; and from start points outside UK to destinations within UK	3.3	1.1	2.2	-
Cinemas, theatres, museums, zoos, Historic properties, theme parks, gardens etc	2.8	0.7	-	2.1
Social clubs; leisure classes, bingo, dances, discos, social events.	4.9	-	-	4.9
Sports – spectating	0.8	0.2	-	0.6
Sports – participating	1.2	-	-	1.2
Shopping on holiday				
Shopping by overseas visitors	3.1	3.1	-	-
Gambling	4.9	-	-	4.9
Business-related expenditure	10.2	3.7	-	6.5
TOTAL	81.5	13.0	19.3	49.1

Some definitions are as follows:

- The figures for business related expenditure by overseas visitors and UK residents are our estimates. UK Tourism Survey (UKTS) calculated the 2003 figures at £3.4bn and £6.1bn respectively. In 2004, the UKTS figure for overseas business spend rose slightly (£3.7bn) but domestic business was well down at £4.8bn (Table 9). In view of the cautionary note on UKTS 2004 figure on page 6 – combined with the lack of any anecdotal evidence from the industry that business expenditure fell sharply in 2004 - we believe the domestic spend to be a significant underestimate. However, this calculation is complex and we shall be examining it in more detail for the 2006 publication.
- Domestic holidays are leisure activities that involve at least one night spent away from home (excluding business activities). This is the same as Holiday Tourism as defined by UKTS.
- Leisure activities do not involve a night spent away from home.
- Drinking out of home includes alcoholic and soft drink consumption in pubs, restaurants etc whether or not food is consumed at the same time.
- Gambling by UK residents includes gambling by overseas visitors.
- Air travel only includes payment to UK carriers.
- “-” means excluded from scope but effectively zero in most cases

Including all business expenditure, the total market is worth £81.5bn – a figure which is higher than the widely quoted official figure of £75bn. It is important to recognise, however, that the figures reported here are based on different definitions from those used by StarUK, the official tourism statistics site. In other words we have measured a different market.

StarUK under-reports eating and drinking out according to the definition we have adopted - this is based on Horizons data for (non-business related) spending on food and drink in restaurants, quick service outlets, pubs, hotels and leisure outlets. Horizons data have been enhanced by the inclusion of all alcohol and soft drinks included in pubs – a proportion of expenditure on these are normally excluded by Horizons

Approach

We have adopted the following policies in this project:

- The method should be reproducible in future years. This means that sources which are produced regularly (ideally annually) have been used in preference to ad hoc research
- Recognised sources must be used whenever possible
- Wherever possible, information must be checked against other sources –
- Calculations, as far as possible, should be clear transparent

Major sources that have been used include Expenditure and Family Survey, Annual Business Inquiry, International Passenger Survey, UK Travel Survey, UK Occupancy Survey, GB Leisure Day Visits, Horizons Database.

The industry places considerable weight on data from UKTS. The Department for Culture Media and Sport – the government department responsible for commissioning it - and VisitBritain has identified several flaws in the methodology which is being changed from 2006 (see the note on page 6).

In the meantime, the figures for 2004 from this source show an (unlikely) decline compared with prior year figures. As a result we decided to use UKTS primarily to help us check the validity of data from other sources rather than a primary source in its own right. We would expect to use UKTS more intensively in future years when the new method starts to provide more accurate results.

Our prime source of information is the Expenditure and Family Survey (EFS) but the categories used for this well regarded study are often insufficiently precise for our purposes. Consequently different sources have been used for different segments of the market as detailed below.

Accommodation

There has been an extensive problem with identifying expenditure on hotel accommodation because the various primary sources are at odds with each other.

This is a summary of some of the issues:

- The Annual Business Inquiry reports total hotel income as £10.3bn (after excluding categories such as camping sites, youth hostels).
- UK Travel Survey reports £7.5bn but this excludes business expenditure, food and beverage, expenditure by overseas visitors (business and non-business), functions, conferences, other activities such as health clubs – all of which amounts to a considerable sum.
- Expenditure and Family Survey says the equivalent figure is £3.1bn (including the total costs of package holidays taken in the UK).

Accordingly, we have had to carry out considerable further processing. We believe our estimates are reasonable but may require further verification.

Eating and Drinking out of home

The primary source is Horizons database. This has recently been verified by an independent consultant funded by the major subscribers to the database. A summary of the report and conclusions from this verification is available on request.

Rail, car, coach, taxi, cab travel for leisure, tourism

The main source for UK residents was GB Leisure Day Visits survey. This covers Great Britain but the last reported figures were for the year 2002/3; accordingly we have adjusted results to include Northern Ireland and to update from 2003 to 2004.

Air travel

- Within UK
- From start points outside UK to destinations within the UK
- Only includes payment to UK carriers

The main source was StarUK for the total value of this market. We have not yet been able to verify precisely what is covered by the figure quoted by StarUK, but any necessary changes are likely to be relatively small.

Recreation

- Cinemas, theatres, museums, zoos, historic properties, theme parks, gardens
- Social clubs, leisure classes, bingo, dances, discos, social events
- Sports – spectating
- Sports – participating
- Gambling

Data was based on EFS with extensive verification from several other sources

Shopping and Inbound Tourism

Some of the detailed figures for shopping and inbound tourists were derived from a process of estimation as follows:

- Some sources provided acceptably accurate figure for specific categories of inbound tourist expenditure – such as eating and drinking, and recreation.
- We have not identified suitable sources for other categories.
- Accordingly, we estimated the percentage of total inbound tourist expenditure that each of these 'unknown' categories could be expected to account for. We then applied these percentages to total inbound expenditure to derive estimates of expenditure for each category.
- At the same time, we were able to identify (from the International Passenger Survey) the share of inbound tourist expenditure on types of visits (holiday, visiting friends and family, other).
- We constructed a two-dimensional matrix, with the figures for types of visit forming the x-axis. The y-axis was the estimated expenditure in each category (described above). We then completed all cells in the matrix by estimation.
- In the course of this estimation, it was necessary to amend the initial estimates of expenditure by category, which required us to re-estimate all figures iteratively.

While less than ideal, we believe this process has produced a reasonable and more complete picture of this aspect of the tourism industry. More importantly, we now have a set of percentages that we can use to derive equivalent and comparable figures for each category of expenditure in future years.