The Economic Impact of Wales Coast Path Visitor Spending on Wales 2012

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Interim Report for:

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1. Introduction

This report estimates the economic impact of the Wales Coast Path in terms of its contribution to the region over the year from October 2011 to September 2012. The estimation combines the direct and indirect economic impacts of the spending in Wales of visitors to the Path.

The estimates of economic impact are derived from an application of the Welsh Economy Research Unit's *Welsh Input-Output Tables*. This resource models the trading interactions of companies and other economic actors within the region and provides an assessment of the direct and indirect expenditure impacts of established sectors and new infrastructure.

2. Background

The Wales Coast Path is in part an 'enabling' feature which gains access to other tourism sites, so deriving an economic impact for the Path alone presents distinct challenges. Visitor economic impacts largely arise away from the destination (e.g. spending to an extent takes place in shops and hotels in nearby towns, not on the Path itself).

This makes the economic impacts more challenging to capture, and makes it difficult for tourism locations such as the Path to match up against traditional public sector interventions and win continued support. Despite this there is a need to meet funding requirements by measuring the economic impacts of the Path (e.g. to WEFO for the Convergence Area sections) and highlight its benefits.

With this in mind, the results in the following research are reported in terms of Convergence and Non-Convergence areas of the Wales Coast Path.

The main research objective of this Cardiff Business School work is to estimate the economic impacts for Wales of visitor spending related to the Wales Coast Path. Given the above comments about the economic impacts arising away from the tourism destination, this report will talk to the Path's role in terms of contributing to overall impact.

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3. Method

3.1 Direct and Indirect Economic Impacts

The assessment of the economic impacts of regional spending by visitors to the Wales Coast Path needs to take place at two discrete levels. There is a need to first estimate the direct economic impact of this expenditure in the region, as visitors purchase food and drink, pay for parking and meet accommodation costs etc.

However, the estimation of direct effects only provides a partial estimate of impact. There is also a need to consider how visitor expenditures support economic activity in Wales indirectly. To meet spending by visitors, outputs are required from other Welsh industries. For example, when visitors stay in local B&B's/Guesthouses, purchases are made by the accommodation providers from local farms or wholesalers to provide breakfasts. This regional sourcing then in turn leads to further regional spending by the local farms, and so on. The extent of these supplier effects then depends on the level of Welsh sourcing for the particular sector and on levels of regional sourcing by its suppliers.

Furthermore, visitor spending adds to local incomes, a large part of which will likely be spent in the region, further adding to local incomes. These induced-income effects can be added to supplier effects to form the total indirect consequences of the direct local economic activities.

3.2 Economic Impact Measurement Indicators

These effects, levered by visitors to the Wales Coast Path, can be expressed in terms of spending, incomes and jobs, or in economic terms- Output, Gross Value Added and Employment (see Table 1).

Table 1: Economic Impact Indicators

Economic Measure	***Description***
Output	*The value of the goods and services produced in the local economy as a result of the increase in visitor expenditure due to the Wales Coast Path.*
Gross Value Added (GVA)	*Locally earned incomes, profits.*
Employment	*The number of Full-Time Equivalent (FTE) jobs supported by spending associated with the Wales Coast Path*

To estimate the indirect economic impacts it is necessary to have a model of the Welsh economy which shows how different types of consumption spending create supplier and induced-income effects across different sectors of the Welsh economy. The Input-Output tables for Wales provide such a framework.

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The most recent Input Output Tables for Wales (for 2007) were produced by the Welsh Economy Research Unit with support from the Environment Agency Wales (July 2010). For more details please visit: *http://business.cardiff.ac.uk/welsh-economy-research-unit*

In addition to the Input-Output tables the analysis also used the Tourism Satellite Account (TSA) for Wales 2007 (produced by Cardiff University for Visit Wales in 2010). Using this tool, further analysis was possible on aspects of tourism's economic significance. The TSA provides a wealth of information on tourism's direct economic importance to Wales, including an employment module detailing how tourism directly supports Welsh employment.

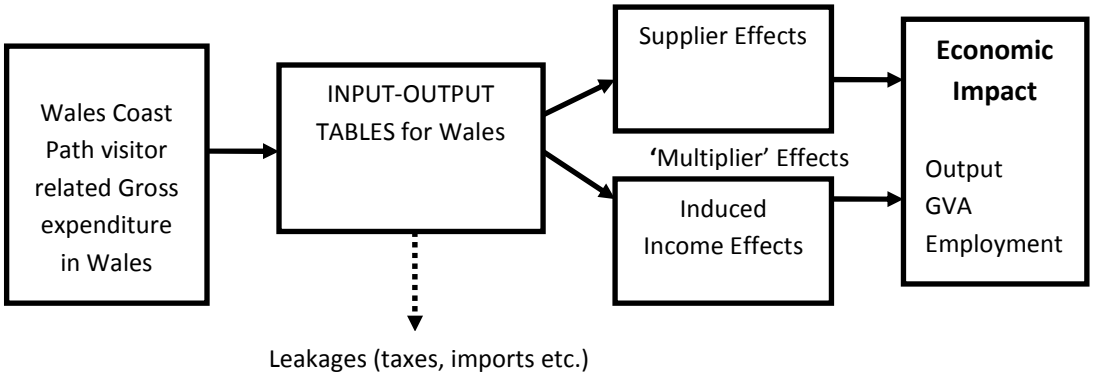
The TSA allows the estimation of Tourism Direct Gross Value Added (TDGVA). This variable shows how much of the gross value added (GVA) created in Wales is as a result of tourists' spending before, during or after trips to Wales.

Cardiff University has undertaken additional work to develop a modelling structure from the Welsh TSA linking to the Input-Output framework described above. This is known as the Tourism Impact Planning Model for Wales and it is from this model that the impact figures are derived.

3.3 Summary of Approach

Figure 1 provides a summary of the economic impact estimation approach. Here, the direct spending of visitors to the Wales Coast Path is used within the framework of the Input-Output tables for Wales, and the Tourism Impact Model for Wales, to estimate indirect supplier and induced income effects.

Figure 1 Estimation of Net Economic Impact in Wales



3.4 Data Sources

Visitor volume estimates were combined with data from visitor surveys and modelling of the indirect impacts of visitor spending to provide a gauge of the project's overall economic impact. Estimates of visit numbers to the Path were supplied by Local Authorities and National Parks.

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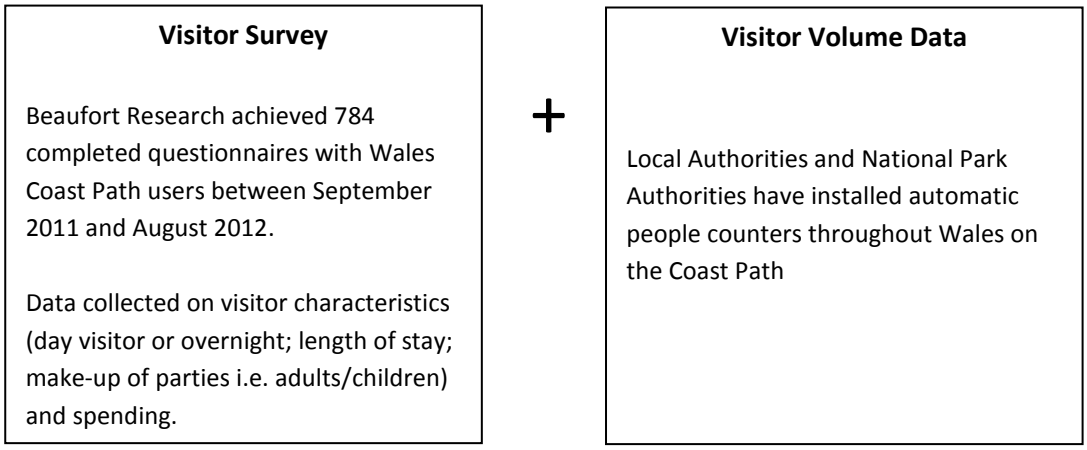
Figure 2 Data Sources to Inform Direct Economic Effects of the Wales Coast Path



These were collected through automatic people counters at locations around the whole of the Welsh coast. The visitor surveys, which were carried out by Beaufort Research, provided data which included: expenditures; type of visit (day-trip or overnight); and accommodation used.

3.5 Automatic People Counter Data

The Countryside Council for Wales (CCW) supplied Cardiff Business School with data from each of the local authorities covered by the Wales Coast Path. The data was captured using automatic people counters. Where possible data was collected for the time period October 2011 to September 2012, so as to cover one whole year and be as up-to-date as possible for the research analysis. Where data was not available for this period, the newest available data for a one year period was used as a proxy.

It should be noted that concerns exist regarding the accuracy of visitor volumes estimated through the use of automatic people counters. Different types of counters are likely to produce different magnitudes of error. Also, there may be the possibility of double-counting users of the Path who are undertaking round trips on their return journey.

Expert opinion was sought by the research team from a small number of stakeholders for the Wales Coast Path regarding the usage of automatic people counters. This found that appropriate calibration processes were being used, and 'manual' observation checks were undertaken to ensure the accuracy of counts on the more established sections of the Path. Here also past work carried out on comparing automatic with manual counting was examined, with the overall numbers in this analysis being shown to have a high degree of similarity between the two methods. The vast majority of the local authorities involved reported using the same company (Linetop), who are generally agreed to have a high level of expertise, particularly with regards to offering guidance on the appropriate placing of counters.

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Due to the fact that it is impractical because of cost/time issues to have people counters on every section of path, there is likely overall to be an element of undercounting. Rather than attempt to estimate for these 'missing' sections it was agreed to only use actual counter captured figures, giving a conservative, but more defendable estimate.

4. Results

In this section we bring together the findings from the analysis of the survey sources described above. Using these sources we estimate the direct spending associated with visitors to the Coast Path in Wales, and then estimate the indirect economic effects associated with this spending.

4.1 Visitor Volumes

Visitor counter data received indicated that there were an estimated total of 2.89 million visits on the Wales Coast Path in 2012. Table 2 shows the breakdown by local authority area.

Table 2: Visitor Volumes on the Wales Coast Path (October 2011 to September 2012) by local authority area

Local Authority Area	Visitor Counter Numbers on Wales Coast Path	Within Convergence Area?
Anglesey	99,083	Yes
Bridgend[1]	660,630	Yes
Cardiff[1]	334,895	No
Carmarthenshire[2]	19,537	Yes
Ceredigion	131,774	Yes
Conwy[3]	22,573	Yes
Denbighshire[2]	24,562	Yes
Flintshire[4]	419,603	No
Gwynedd[1]	233,562	Yes
Monmouthshire[1]	103,939	No
Neath Port Talbot	56,110	Yes
Newport[1]	97,089	No
Pembrokeshire	102,721	Yes
Swansea	349,333	Yes
Vale of Glamorgan[1]	234,893	No
TOTAL	**2,890,304**	

Source: Automatic people counter data supplied by local authorities to CCW.
Data is for October 2011 to September 2012 except where specified:
1- Figure is for Jul'11 to Jun'12
2- Figure is for Jan'12 to Sep'12
3- Figure is for Apr'10 to Mar'11
4- Figure is for Oct'09 to Sep'10

Combining the visitor counter data from Table 2 with survey data relating to make-up of party and type of stay (daytrip or overnight stay), an estimate of adult visitor numbers for the Convergence

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area and Non-Convergence area covered by the Wales Coast Path were calculated. Table 3 highlights that an estimated 1.47 million visits were made by adults to sections of the Path in a Convergence Area, and 0.97 million visits were made by adults to Non-convergence Areas of the Path.

The proportion of overnight trips was higher in the Convergence Area (48.0%) than the Non-Convergence Area (13.3%), with this being an important factor in driving levels of expenditure.

Table 3: Visitors to the Wales Coast Path by Type and Area (October 2011 to September 2012)

	All Visits	Adult Visits	Adult Day Trips	Adult Overnight Trips
Convergence Area	1,699,900	1,472,100	765,500	706,600
Non Convergence Area	1,190,400	971,400	842,200	129,200
Total	2,890,300	2,443,500	1,607,700	835,800

4.2 Direct Spending

Day trips

Table 4 shows that average reported expenditure per adult day-tripper for their whole visit (on path and off) was 10% higher in the Non-Convergence Area (£4.62) when compared to the Convergence Area (£4.20). Around £7.1m was estimated to be spent in Wales in total as part of day visits incorporating the Wales Coast Path.

Table 4: Expenditure by Adults on a Daytrip to the Wales Coast Path (October 2011 to September 2012)

	Adult Trips	Average Spend per Adult (£)	Gross Spend (£m)
Convergence Area	765,500	4.20	3.22
Non-Convergence Area	842,200	4.62	3.90
Total	**1,607,700**	4.429	**7.12**

Overnight trips

It was estimated that the 0.84 million overnight trips in Wales made by visitors to the Wales Coast Path involved some 4.67m staying nights and total expenditure of £146m. However, to calculate the proportion of this spending that could be attributed to the Wales Coast Path (rather than other visitor attractions the tourists may have visited) one night's expenditure for each trip was assumed to be Path related.

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Table 5: Expenditure by Adults visiting the Wales Coast Path who stayed overnight away from home in Wales (October 2011 to September 2012*)

	Adult Trips	Nights	Spend (£m)	Average spend per night (£)	Wales Coast Path related spend (£m)
Convergence Area	706,600	4,197,253	133.23	31.74	22.43
Non-Convergence Area	129,200	468,973	13.24	28.23	3.65
Total	**835,800**	**4,666,226**	**146.47**	31.204	**26.08**

Note: see footnote to Table 2

By assuming only one night's expenditure is Wales Coast Path related the estimate for these visitors is possibly conservative. Based on these calculations a contribution of just over £26m was spent by Wales Coast Path visitors in Wales in the year to end of September 2012.

4.3 Summary of spending by visitors to the Wales Coast Path

The total volume of Wales Coast Path visitors and associated spending was then calculated from the data outlined above and is summarised in Table 6. It is estimated that between October 2011 and September 2012 there were around 2.44 million Wales Coast Path related trips by adults, with expenditure associated with these trips being around £33.2m.

Convergence Area spending was estimated at nearly £25.65m, and Non-Convergence £7.55m.

Table 6: Total trip volume and gross spending by visitors to the Coast Path in Wales (October 2011 to September 2012)

Area	Volume of Trips (Adults)	Average expenditure per adult (£)	Total Expenditure Wales Coast Path related (£m)
Convergence Day Trips	765,500	4.20	3.22
Convergence Overnight	706,600	31.74	22.43
Convergence Total	**1,472,100**	17.424	**25.65**
Non-Convergence Day Trips	842,200	4.62	3.90
Non-Convergence Overnight	129,200	28.23	3.65
Non-Convergence Total	**971,400**	7.772	**7.55**
TOTAL WALES COAST PATH	**2,443,500**	13.587	**33.20**

It is the figures in Table 6 that become the basis for analysis of economy wide effects associated with this level of tourism consumption.

4.4 Economy wide effects of visitors to the Wales Coast Path

The total expenditure figure shown in Table 6 above is the direct spend of visitors to the Coast Path in Wales between October 2011 and September 2012. Some of this spending goes on goods and

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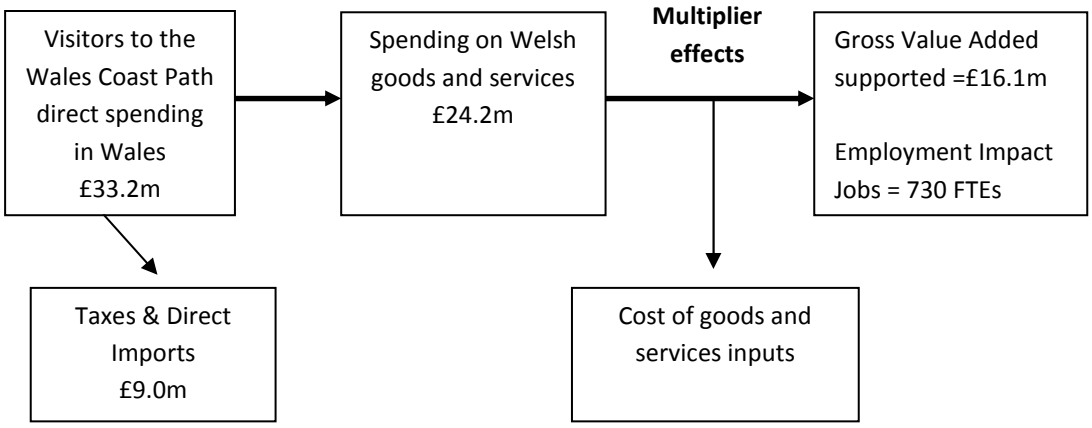
services that are imported into the Welsh economy, and some 'leaks' out in the form of taxes. Figure 3 illustrates what happens to the initial direct spending total as it is modelled to estimate the indirect impact of Wales Coast Path visitor spend.

Figure 3 How the Direct Expenditure by Visitors to the Wales Coast Path flows through to Outputs



The gross spending figure (£33.2m) was firstly discounted for leakages such as taxes (including VAT), and spending on goods and services that are imports to Wales. The Welsh Tourism Satellite Account was used to inform the levels of import propensity. The leakages (taxes plus direct imports) were here estimated at around £9m. For walking related goods bought in Wales but manufactured elsewhere (typically including jackets and boots), only a small element of the related spend is likely to be maintained in the region. Here only the retail profit margin will be kept in Wales.

The Tourism Impact Planning Model for Wales shows that, for day trip visitors in the region, around 35% of their expenditure is taken up by goods and services imported from the rest of the world (outside of the UK), and production taxes. These monies are therefore leaked out of the calculations for estimating the economic impact of visitors to the Wales Coast Path on Wales.

Similarly, from the Tourism Impact Planning Model for Wales, around 25% of the monies spent by overnight stay visitors are shown to leak out of the Welsh economy (due to spending on non-Welsh goods and services, or taxes).

Once these leakages are removed, the remaining net expenditure resulting of £24.2m is an injection into the Welsh economy, which businesses receiving these monies then re-spend in successive indirect rounds (e.g. accommodation providers purchase goods and services from other Welsh sectors to meet the needs of their visitors, causing these suppliers to then purchase outputs from elsewhere, and so on). The resulting increase in the output of local providers, increases local wealth which in turn leads to increases in the levels of spending.

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The overall economic impact is defined in terms of changes in output, gross value added (incomes), and employment that result in the economy. The size of these impacts depend upon the extent to which injections into the economy are retained regionally (so that the larger the propensity to spend on imported goods and services the smaller the amount that will be kept within the Welsh economy). This is expressed numerically by the multiplier coefficient. The lower the ability of the local economy to meet demand for goods and services, the higher the leakages (as spending takes place on imports), and the lower the multiplier.

Table 7 shows the short-term related expenditure impact of visitors to the Wales Coast Path on Wales. These activities resulted in an additional £32.2m of demand in the Welsh economy.

Some of this additional output does not add to Welsh employment or incomes (e.g. cost of goods and services inputs) and the measure Gross Value Added (GVA) is a more appropriate metric for regional economic impact. The additional activity in the regional economy was associated with £16.1m of GVA (GVA is considered the most appropriate true measure of the value of economic activity, summing locally earned incomes, company profits and some taxes).

The indicative estimate of the employment impact that might be associated with visitors to the Wales Coast Path spending for Wales between October 2011 and September 2012 is around 730 person-years of employment.

Table 7: The Economic Impact of the Spending of Visitors to the Wales Coast Path (October 2011 to September 2012)

	Convergence Area	Non-Convergence Area	All Wales Total
Output (£millions)	26.0	6.2	**32.2**
Gross Value Added (£millions)	13.1	3.0	**16.1**
Employment (FTE*)	595	135	**730**

*FTE = Full-Time Equivalents

4.5 Economic Impact by Welsh Industrial Sector

Table 8 shows the estimated expenditure related impact of visitors to the Wales Coast Path split by industrial sector in Wales for October 2011 to September 2012. The impact was most concentrated in Accommodation (£5.2m of gross value added) and Restaurants/ Bars/ Cafes (£2.4m GVA).

It is important to note that the impacts resulting from the spending of visitors to the Wales Coast Path are not just experienced in 'tourism facing' sectors such as accommodation. Indeed, as shown in Table 8, visitor consumption supported activity in, for example, Financial/ business services and Transport/communication (each £1.8m GVA).

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Table 8: The Economic Impact of the Visitors to the Wales Coast Path in Wales (October 2011 to September 2012), breakdown by industrial sector

Sector			
	Output (£m)	GVA (£m)	FTEs
Manufacturing sectors	5.1	1.3	30
Distribution/ Retail	4.2	2.3	90
Accommodation	8.7	5.2	285
Restaurants etc.	4.3	2.4	140
Transport & Communication	4.0	1.8	70
Financial & Bus. Services	3.1	1.8	45
Recreation etc.	0.4	0.2	5
Public Sector (inc. forestry)	1.7	0.9	45
All other industries	0.7	0.2	20
TOTAL	**32.2**	**16.1**	**730**

4.6 Conclusion

The estimations presented above establish a baseline for examining the economic impact of the Wales Coast Path on the Welsh economy. The Path officially opened in May 2012. Surveys undertaken by Beaufort Research for this work began in September 2011 on established, new or improved sections of pathway that were already open at that time, and continued to August 2012.

A further group of visitor surveys is being carried out that will update information on trip characteristics and spending. Combining data from these completed questionnaires with the latest visitor volume statistics will potentially enable a comparison to be made with the baseline impacts presented here.

5. Summary

- The objective of this work was to provide estimates of the economic impact of the Wales Coast Path for both Convergence and Non-Convergence areas over the year from October 2011 to September 2012. The estimation combines the direct and indirect economic impacts of the spending in Wales of visitors to the Path.
- Visitor economic impacts largely arise away from the destination of the Wales Coast Path (e.g. spending to an extent takes place in shops and hotels in nearby towns, not on the Path itself). Visitor surveys carried out therefore sought to capture all trip related spending, whether on the Path or not.

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- There were an estimated 2.89m visits to the Wales Coast Path between October 2011 and September 2012. Expenditure related to these trips was around £33.2m.
- After leakages from this direct spending were removed, and the indirect impacts calculated through Input Output modelling, the overall expenditure impacts of visitor spending attributable to the Wales Coast Path were estimated as: £32.2m of additional demand in the Welsh economy; £16.1m of gross value added; and around 730 person-years of employment.
- The overall expenditure impacts in the Convergence area were estimated as: £26m of additional demand in the Welsh economy; £13.1m of gross value added; and 595 person years of employment.
- The overall expenditure impacts in the Non-Convergence area were estimated at: £6.2m of additional demand in the Welsh economy; £3m of gross value added; and 135 person years of employment.
- The economic impacts arising from visitor spending attributable to the Wales Coast Path are not just experienced in 'tourism facing' sectors such as accommodation. For example, it was estimated that £1.8m of gross value added was supported in both financial/ business services and the transport/communication sector as a result of visitor spending.

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