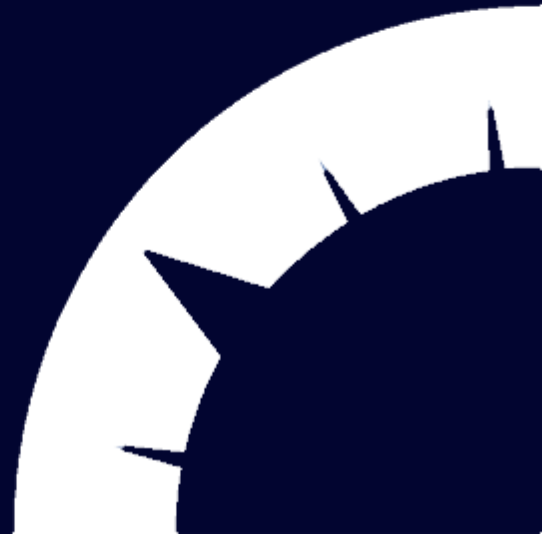


Measuring Tourism Expenditure

July 2023

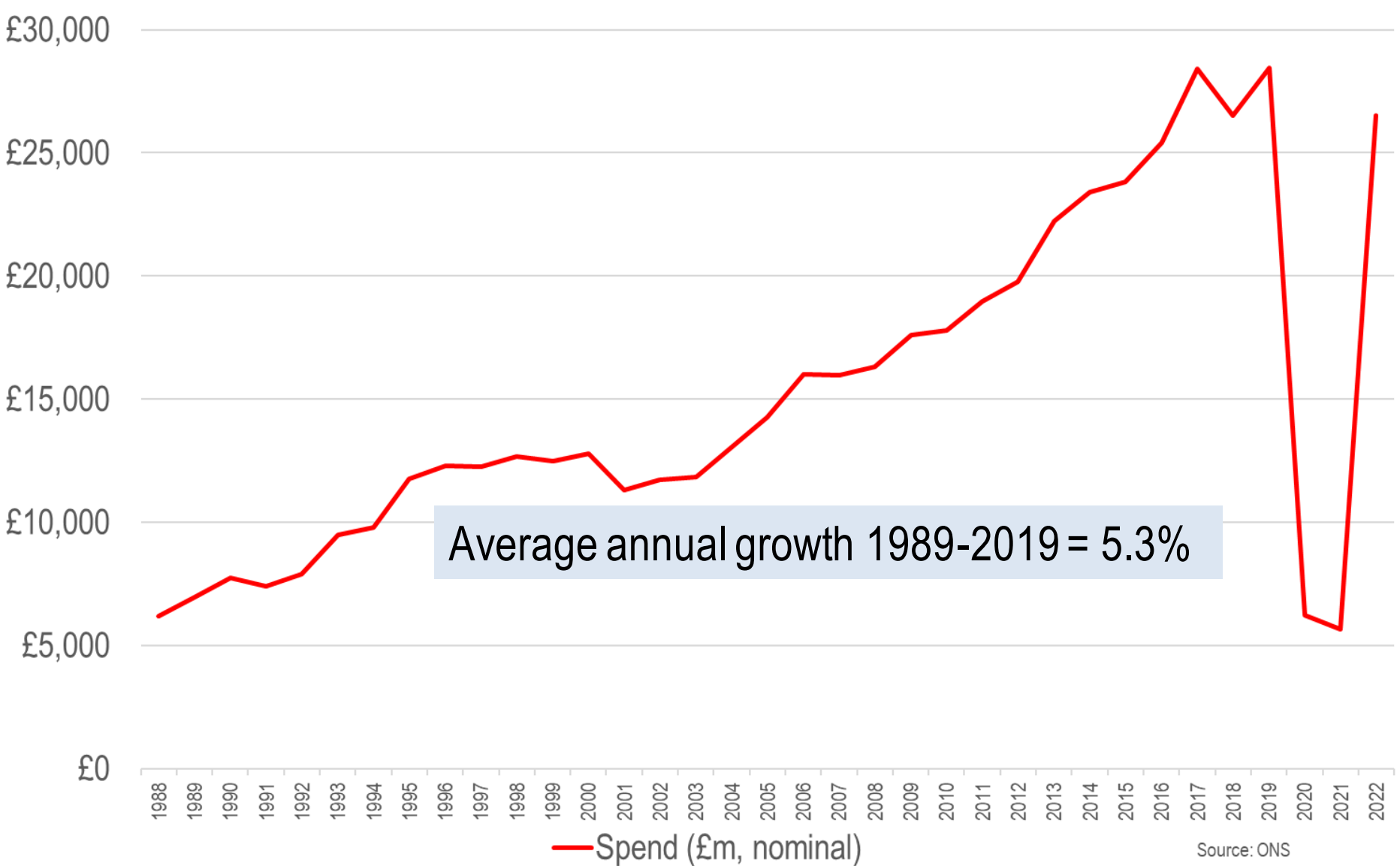


Measuring tourism expenditure is tricky...

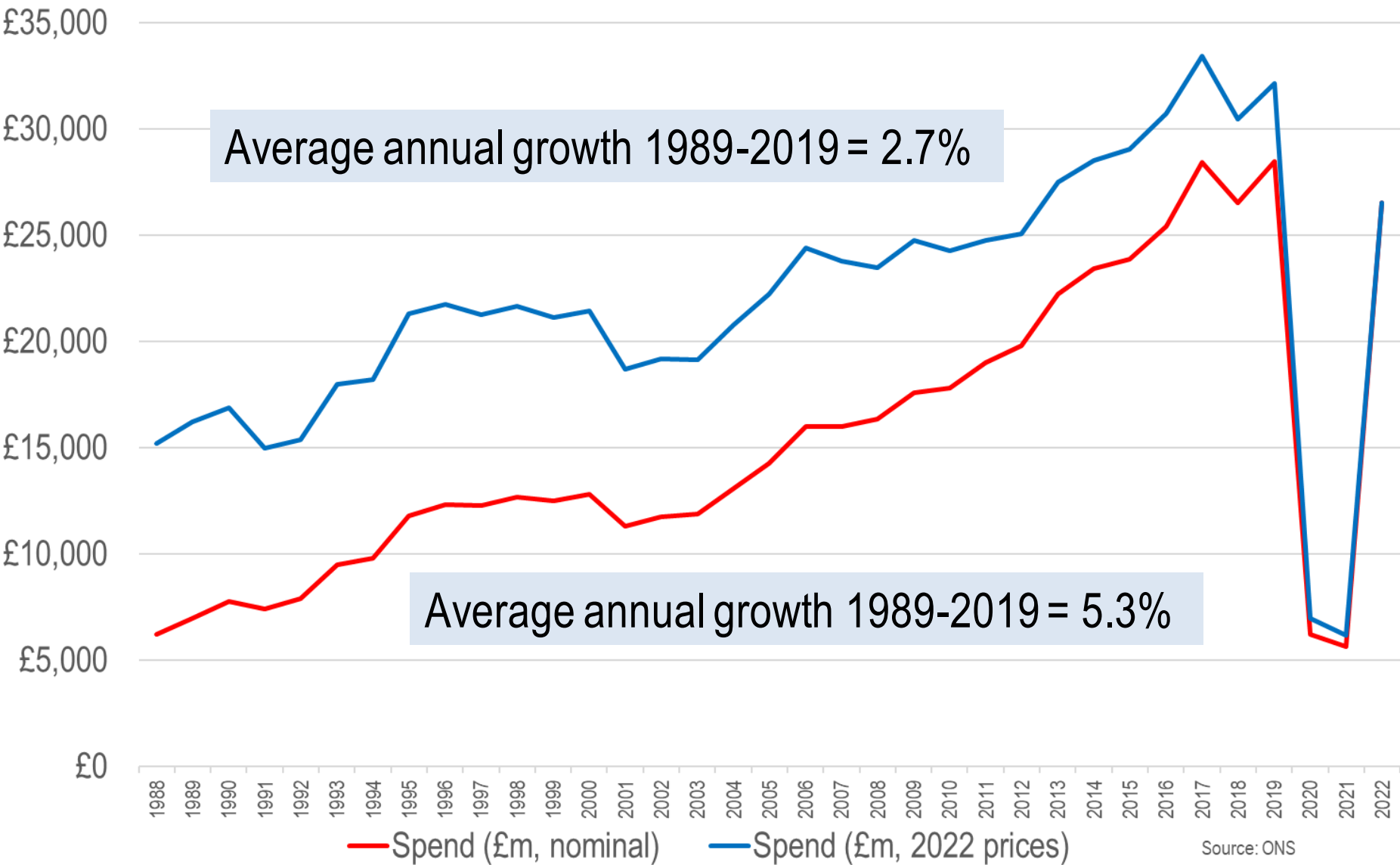
- Units
- Definitions
- Approaches

Units

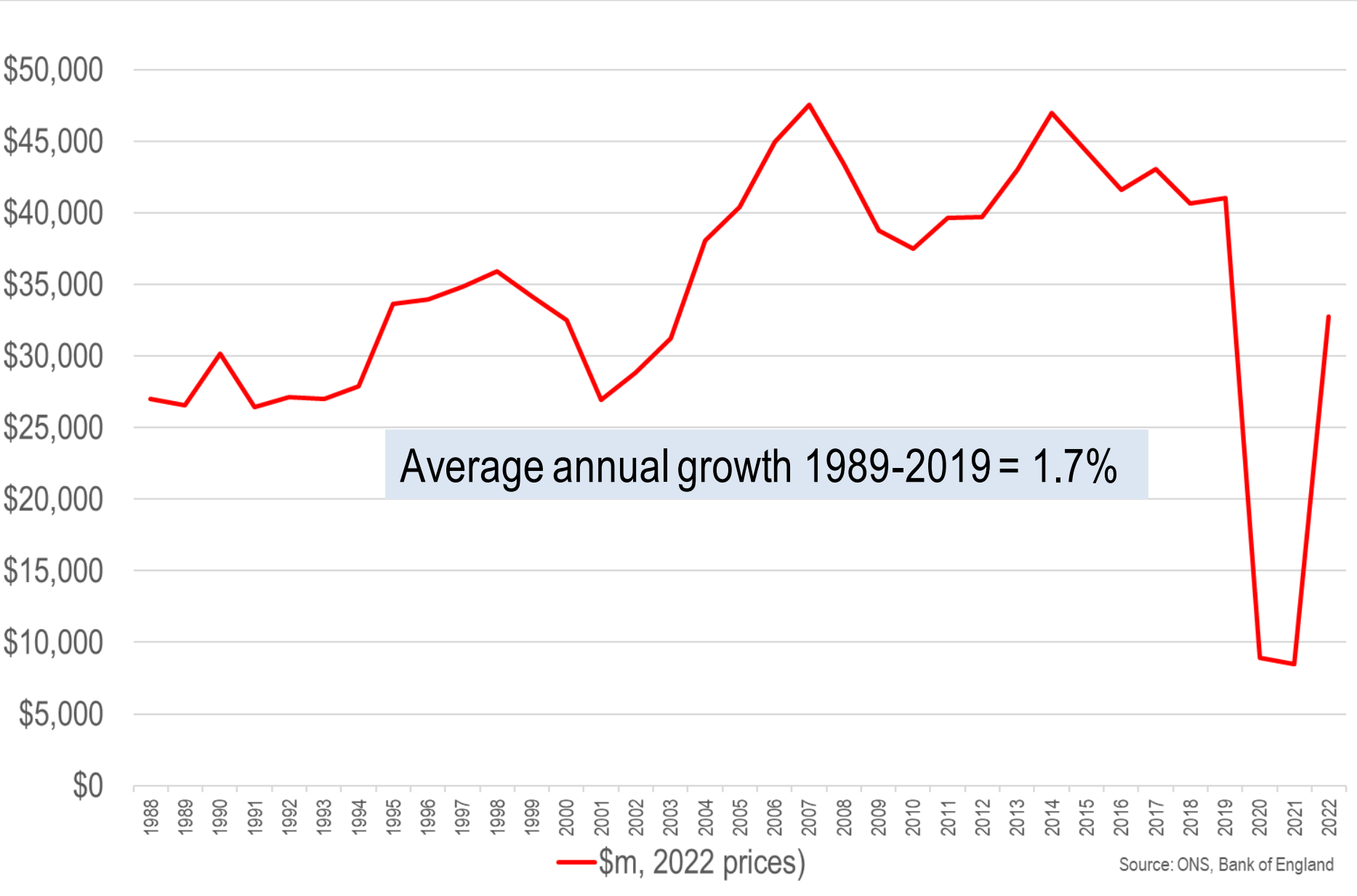
UK inbound visitor spend, £m outturn prices



UK inbound visitor spend, £m outturn and constant prices



UK inbound visitor spend, expressed in US\$m, constant prices



Definitions

What counts depends on how we define tourism (1)

- **Tourism expenditure** refers to the amount paid for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during **tourism trips**. It includes expenditures by visitors themselves, as well as expenses that are paid for or reimbursed by others
- **Tourism trip**: Trips taken by **visitors**
- 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. A visitor (domestic, **inbound** or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise

What counts depends on how we define tourism (2)

- **Inbound tourism** comprises the activities of a non-resident visitor within the country of reference on an inbound tourism trip
- **Inbound tourism expenditure** is the tourism expenditure of a non-resident visitor within the economy of reference

Approaches

Two/three broad approaches to measuring tourism expenditure

- Surveying those making the expenditure (demand-side data)
- Monitoring the revenues of businesses within the sector (supply-side data)
- More applicable to international than domestic tourism is the third approach, measuring payment card use (transactional data)

Demand-side survey approach

- We can use survey questions to ensure we are complying with what constitutes a tourism trip and tourism expenditure
- We can analyse spend data against other information collected such as length of stay, trip purpose, group size etc
- We can estimate both trip specific averages and total market expenditure by weighting the data
- As well as all the challenges that apply to any survey there is the risk that respondents will simply forget some of their expenditure, and international visitors may struggle with currency conversions
- A study by the UK ONS found little variation once respondents were taken through a far more detailed set of questions

Supply-side approach

- Visitors spend money on a vast range of goods and services meaning that many types of business accrue revenue from tourism expenditure
- This means estimates are needed for the proportion of revenue that comes courtesy of tourism expenditure whether that's for hotels, restaurants, railways, jewellers, supermarkets or providers of EV charging devices
- Data will often not be in the public domain, and that which is available will often be with a time lag

Transactional approach

- Faces the same challenges as supply-side data if simply using point-of-sale data, but greater potential for measuring spending in a country on bank cards registered outside that country
- However, need to consider how representative a particular card type might be of overall inbound visitor expenditure and whether that card's market share is changing over time
- Not all expenditure on foreign registered cards will be tourism expenditure, for example 161,000 Hong Kong residents have moved to the UK since the start of 2021 under the BNO Visa route, and not all will have immediately switched to using a UK registered bank card