

### Introduction

The visitor economy is a vital part of the economy of the South Downs National Park (SDNP) and helps to maintain the character and appearance of the National Park through its contribution to the local economy. It is strongly connected to other important sectors such as the land-based industries and food and drink. This fact sheet highlights the main characteristics of the visitor economy in the SDNP, as well as looking at some future trends, and forms one of a series on key sectors of economic, social and environmental importance in the National Park.

The visitor economy is more than just tourism. Tourism comprises the activities of people travelling to, and staying in, places away from home for leisure and sometimes business<sup>1</sup>. The visitor economy defines the economic benefit of tourism and visitor expenditure to the tourism industry and the wider economy. The **ONS definition** therefore includes the following sectors:

- Land transport
- Water transport
- Air transport
- Accommodation
- Food and beverage service activities
- Travel agency; tour operator and other reservation service and related activities
- Creative; arts and entertainment activities
- Libraries; archives; museums and other cultural activities
- Gambling and betting activities
- Sports activities and amusement and recreation activities

Not all the consumption in these sectors is attributable to the visitor economy and there are also benefits from the visitor economy to other sectors not included above such as retail and the land-based industries. Nevertheless, the ONS sectoral definition is generally accepted as a proxy measure for the visitor economy.

### Key facts

	Businesses	Jobs
Food and Drink	345	5,045
Creative Arts & Entertainment	195	295
Sports and Recreation	145	1,120
Transport	75	185
Accommodation	50*	1,330
Travel Agency Activities	30	250
Cultural activities, museums, gardens etc.	20	1,215
	860	9,440

<sup>1</sup> The activities of people travelling on business that are tourism related are included but the business activities themselves are not

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\*STEAM data estimates 473 accommodation providers including the informal sector. Companies House data lists 70 limited companies.

- The estimated minimum of 860 visitor economy businesses in the South Downs National Park make up 10.57% of the business population and 17.01% of employment.
- There were 14.33 million visitors to the South Downs National Park in 2018 of 641.9k were staying visitors and 13.69m were day visitors<sup>2</sup>.
- Visitors contributed direct and indirect GVA of £356.74 million in 2018<sup>3</sup>
- Using the ONS definition in the introduction, there were 860 visitor economy businesses registered for VAT and/or PAYE in the South Downs National Park in 2019 representing 10.57% of the business population<sup>4</sup>
- The visitor economy has shown little overall growth in the South Downs National Park since 2016.
- The largest sector is Food & Drink which comprises 345 businesses or 40% of the visitor economy

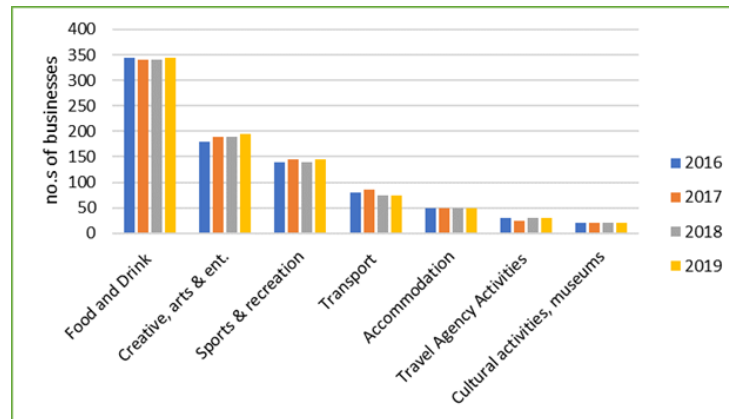


Figure 1: Visitor economy businesses in the South Downs National Park 2016 to 2019

Source: ONS UK Business Counts (enterprises)

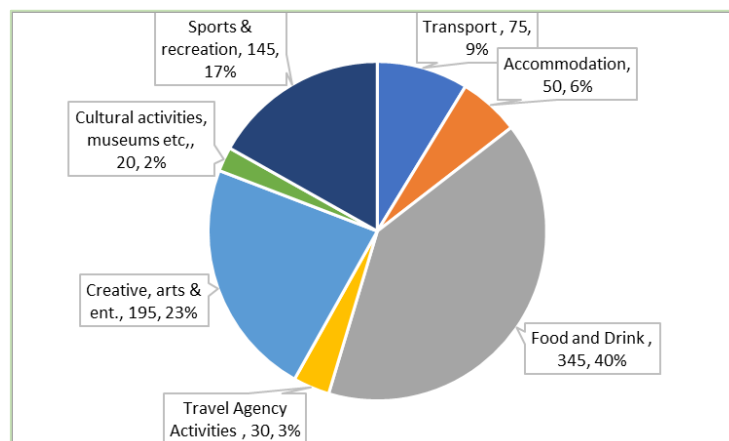


Figure 2: Sub-sectoral composition of the visitor economy in the South Downs National Park 2019

Source: ONS UK Business Counts (enterprises)

<sup>2</sup> STEAM data, Global Tourism Solutions for SDNPA (Draft)

<sup>3</sup> *Ibid*

<sup>4</sup> ONS UK Business Counts (enterprises) VAT and/or PAYE registered businesses

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In certain sectors of the visitor economy such as *Accommodation* and *Food & Drink*, many businesses are small and seasonal and may not be picked up by the official statistics if they operate below the VAT threshold of £85,000 per annum and do not employ anyone through PAYE, perhaps using casual labour.

According to the ONS statistics, the *Accommodation* sector in the National Park represents just 5% of registered visitor economy businesses. Companies House lists 70 businesses in this sub sector but the STEAM data commissioned by South Downs National Park from Global Tourism Solutions includes hotels, guest houses, B&Bs, self catering, campsites and visitor hostels based on directories and on line searches. It estimates a figure of 473 establishments providing 8,408 beds.

AirBnB data for the South Downs National Park indicates that between 2016 and 2018, 1,442 new listings were added to the site in the South Downs National Park of which around 60% were entire houses or flats and 40% were self-contained rooms in private houses, adding approximately 5,500 beds to the accommodation provision in the National Park. Very few would appear to be registering as new businesses for VAT and PAYE.

The informality of the sector makes it particularly volatile. Recent indications are, that following the Corona virus pandemic and restrictions on holiday letting, many holiday lets are now seeking to revert or change to permanent lets.

*Amberley Working Museum was established in 1979 and contains exhibits from 150 years ago to the present day. The site was once a busy lime works. Some of our buildings and the buildings have been preserved along with buildings rescued from other locations, and now function as exhibits. It is a 'living' museum, we host special events throughout the year, ranging from vintage transport of all types to Heritage and Crafts demonstrations, as well as 'Hands on' days for all the family.*

### Employment

There were 9,440 jobs in the visitor economy in 2018 using the ONS ten sector definition and data<sup>5</sup>. This accounts for 17.01% of total employment. However, as noted, these data include non-visitor economy employment.

Part-time employment outnumbers full-time employment in the sector; 49% of visitor economy jobs are full-time and 51% are part-time. Many jobs in *Accommodation* and *Food & Drink* in particular are also seasonal, casual and relatively low skilled.

The STEAM data commissioned by SDNPA arrives at a figure of 4,832 Full Time Equivalent (FTE) jobs employed in the visitor economy although the sectoral definition used is slightly different. This includes direct and indirect employment.

### Key trends and challenges

- Until the recent Covid 19 crisis, UK tourism was showing some positive growth as the fall in the value of the pound made it cheaper for tourists to visit the UK along with improved air routes and cheaper air travel

<sup>5</sup> ONS Business Register & Employment Survey (BRES)

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- However, uncertainty surrounding Brexit and the decline in domestic hotel spend as competition from on-line platforms increases have also been features
- Brexit also creates many uncertainties for the supply side, such as the status of migrant workers, a major concern for the industry given the reliance on EU migrant workforce
- The desire for experience continues to shape tourism demand as does new technology.
- As the quantity of information available on-line continues to grow, people are filtering more and the use of algorithms is resulting in the “information bubble” effect
- Improved data is leading to better segmentation of the market and greater understanding of target markets e.g. country loving traditionalists make up 30% of UK tourists<sup>6</sup>
- Mobile booking continues to increase which means that smaller businesses may suffer if they cannot compete effectively on line
- Value becomes about more than just price with visitors wanting to maximise experience and being able to see before they arrive e.g. virtual reality tours
- Recruitment, skills and training are major issues for small supply side businesses. Low profit margins and wages make it difficult to attract talent and upskilling casual and temporary labour continues to be a challenge.

*South Downs Discovery specialises in self-guided South Downs Way walking and cycling holidays with pubs, restaurants and accommodation arranged to suit the individual traveller along the route along with baggage transfers. Walks range in length from 2-days to 9-days, depending on how far people want to walk each day.*

*The South Downs Way was Britain's first long distance bridleway. The ancient trail follows drove roads and pathways as it stretches for 100 miles, from Winchester to Eastbourne, just beyond the white cliffs of the Seven Sisters and Beachy Head.*

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### Resilience and growth potential

- The visitor economy is one of the shut down sectors during the Covid 19 crisis and as such, is the recipient of a number of support measures including business rates relief and cash grants of £10k or £25k.
- Many employees have been furloughed but it is not known how many have been laid off or will be made redundant in the future as cashflow problems intensify in small and micro businesses
- In addition, the sector contains many informal businesses without rateable business premises that will not qualify for the rates relief or grants. The workforce contains a high proportion of part-time, self employed and casual workers who may receive little or no financial help.
- Many attractions are dependent on visitor entrance fees and may not be able to survive on the cash grant for long
- The main impact may be felt when the financial support comes to an end and the sector emerges from the shutdown

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<sup>6</sup><https://www.visitbritain.org/visitor-segmentation>

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- The local nature of tourism in the Park could be a benefit if domestic tourism increases but hygiene will be a key factor.

Subsector	Covid 19 threat level	Resilience	Future growth potential
Food and Drink	High	Low	Medium
Creative Arts & Entertainment	High	Low	Low
Sports and Recreation	High	Low	Medium
Transport	High	Medium	Low
Accommodation	High	Low	High
Travel Agency Activities	High	Medium	Medium
Cultural activities, museums, gardens etc.	High	Low	High

## The visitor economy in the South Downs National Park 2020

### Notes

The information on the visitor economy in the South Downs National Park is drawn from a number of sources, including:

- ONS UK Business Counts which provide data on the VAT and/or PAYE registered business population
- Companies House data which provide publicly available information on limited companies but which do not include less formal businesses
- ONS Business Register and Employment Survey (BRES) which provide employment numbers and status e.g. full time and part time
- STEAM data produced for the SDNPA by Global Tourism Solutions
- Other surveys and reports on the sub sectors