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Research Evaluation Consulting

The Economic Impact of Outdoor Activity Tourism in Wales

Final Report

Visit Wales

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Contents

Figures

Tables

1 Executive Summary

This report documents the findings of an economic impact valuation of outdoor activity tourism in Wales. The research was commissioned by Visit Wales in order to demonstrate the importance of the sector to the Welsh economy.

As part of a wider increase in demand for experiences and lifestyle-orientated holidays, as well as growth in domestic tourism, an increase in the numbers of outdoor activity tourists has been noted in recent years. Beyond its economic impact, activity tourism is linked to numerous priority policy agendas of the Welsh Government. This has led many within the sector to claim that activity tourism is undervalued and should receive greater support.

In response to these claims, the purpose of this research was to provide an understanding of the direct and indirect economic impact of the outdoor activity tourism in Wales, including estimates of its contribution to the wider tourism sector and GVA. For the purpose of this research, outdoor activities were defined as the activities provided by members of WATO, typically adventurous, adrenaline activities requiring some amount of excursion.

The research comprised a series of initial scoping interviews with regional representatives of WATO and two online surveys targeted at outdoor activity providers in Wales and visitors to Wales who have participated in outdoor activities. The survey of providers collected information on operational details, visitors, business performance and optimism and barriers to growth, and resulted in a sample of 93 businesses.

The survey of those who had participated in outdoor activities probed for details on activities undertaken, average stay and spend on activities, accommodation and other items and also contained a demographic and profiling section. Distributed predominantly using social media this resulted in a sample of over 1,000 individuals.

Key findings

- Attitudes towards outdoor activities in Wales are generally very positive, with many regarding it as a top destination for outdoor adventure experiences.
- Relatively strong recent business performance within the sector was attributed by providers to an increase in domestic tourism, a growing outdoor activity market and the rising profile of Wales as an outdoor destination, as well as individual business expansion.
- Growing competition between increasing numbers of providers and access restrictions were thought to constrain further growth within the sector. Increasing operational costs, a deficiency in qualified staff and poor marketing were also identified as barriers to development of outdoor activities in Wales.
- Total estimated annual[1] contribution of outdoor activity tourism to the economy of Wales is approximately £481m[2] or 6% of the total economic contribution of all tourism in Wales.

[1] Data was taken from existing sources which was obtained across different time periods. As such, data was used to illustrate a 'typical' annual period.

- Additional spend generated by outdoor activity tourists in Wales annually is estimated as being able to support in the region of 8,243 full time equivalent jobs in the Welsh labour market.
- The value added contribution of outdoor activity tourism in Wales accounts for 10% the Welsh tourism economy.
- Total expenditure on outdoor activity tourism in Wales accounts for 10% or 12% of expenditure in the tourist economy as a whole, according to Visit Britain and Welsh Government sources respectively.
- Activity tourism is a high value tourist activity considering that the contribution of added value output is greater than the (average) proportion of all tourists who are activity tourists.

Economic Impact – Key Facts

- £481m total contribution to economic activity (all outdoor activity tourism)
  - £236m from domestic overnight visitors
  - £220m from day trippers
  - £24m from international overnight visitors
- £165m total contribution of outdoor activity tourism excluding long walkers
- £304m in value added activity: 10% contribution to the Welsh tourism economy
- 8,243 FTE jobs supported
  - 5,783 from day trippers
  - 2,254 from domestic overnight visitors
  - 206 from international overnight visitors

[2] Direct, indirect and induced impacts.

2 Introduction

Activity tourism has become one of the key sectors deriving value from Wales' natural environment, not only directly through the expenditure associated with a participant's visit, including accommodation, food and drink but also through the provision of jobs and income to individuals employed within the sector and supplier impacts. Alongside the rise in popularity of activity tourism in Wales, outdoor activity tourism has equally become a key interest for Welsh Government as a result of the role it plays in the tourist economy and the multiple policy agendas it bridges.

Outdoor activity tourism cuts across numerous policy agendas including environmental protection and access; health, well-being and sport; and education. Demonstrating the total importance of the sector to Wales, as part of, and alongside other national priorities, requires supporting evidence. This provides the reasoning for Visit Wales' desire to carry out this research.

This report documents the findings of an economic impact assessment of outdoor activity tourism in Wales. Miller Research was commissioned to undertake the research on behalf of Visit Wales in order to evaluate the importance of the sector to the Welsh economy.

2.1 Aims and Objectives

The aim of the research is to place a monetary value on the outdoor activity tourism sector in Wales. The client brief specified the need to provide an "*independent, evidence based understanding of the direct and indirect economic impact"* of the outdoor tourism sector in Wales, along with an estimate of its contribution to the wider tourism sector, contribution to GVA and the overall value of tourism in Wales.

A range of objectives were specified for the commission, including:

- Compilation of a robust approach to data gathering to provide primary evidence of impact from outdoor tourism providers;
- Careful analysis of primary and secondary data to provide direct economic and employment impact assessments;
- Subsequent analysis using industry multipliers to assess the indirect impacts from tourism consumption and supplier impacts;
- Profile outdoor and activity tourists in Wales and comment on the importance of the sector in attracting visitors to Wales;
- Make recommendations for future sustainability of impact measurement for the sector.

The scope of the valuation was largely defined by the activities of WATO outdoor activity provider members. It was recommended that walking[3] and road cycling be excluded from

3 The definition of walking as a hobby covers a wide range of activities from walking to the shops, work or school etc. to hiking on mountains. The latter end of this range can also be termed mountaineering which is included in the scope of the research.

the survey as these activities have been studied extensively in the past. For the purpose of this research, outdoor activities were considered as the following core activities covered by WATO:

- Climbing – abseiling, bouldering, rock climbing, canyoning, coasteering, gorge walking, ice climbing, ropes courses, sea level traversing;
- Watersports- canoeing, kayaking, white water rafting, windsurfing, board surfing, sailing, diving, improvised rafting;
- Trekking- orienteering, scrambling, off-road cycling, mountain biking, fell running, mountaineering, snowboarding, skiing;
- Caving- caving, potholing, mine exploring;
- Airsports- paragliding, gliding, hangliding, kitesports.

It was agreed with the client group that activities such as angling, field sports and motorised activities would not be included in the research as these were not considered within WATO's remit and because recent research has already attempted to place a value on such activities.

2.2 Background

It is difficult to estimate the market size and economic contribution of outdoor activity tourism using existing information due to the subjective scope of the sector and a resultant lack of comparable data. However, a small number of studies which include aspects of outdoor activity tourism as defined for this study, as well as wider tourism research offer an insight into the market. These are discussed below.

An economic impact study of adventure tourism (including gorge walking, rafting, paragliding and abseiling) in 2003 in the Highlands and Islands of Scotland estimated the total annual spend by UK visitors to the area involved in such activities to amount to £36.8m[4]. This was suggested to generate £5.2m in direct income and a full-time equivalent of 471 jobs.

A useful source of information for activity tourism is the UK Tourism Survey (UKTS) [5]. Analysis of UKTS data from 2003 for UK visitors participating in adventure activities indicated that, whilst adventure tourists typically spend the same amount of time on holiday as the average domestic holiday visitor, they spend less money on average per person (£36 per night, compared to £42 for all holiday visitors)[6]. It was suggested this was linked to a

Thus, an arbitrary cut off point was needed someone along the spectrum of walking. This is explained further, throughout the report where clarity of definition is needed.

4 George Street Research and Jones Economics, 2004, Economic impact of outdoor and environment related recreation in the Highlands and Islands: research report – adventure, cited in www.snh.gov.uk/docs/B726802.pdf

5 Now Called the Great Britain Tourism Survey (GBTS).

6 Getting into Action – the UK Adventure Tourism Market, Keeling, A. 2003 www.insights.org.uk/articleitem.aspx?title=Getting+into+Action+%E2%80%93+the+UK+Adventure+Tourism+Market.

greater propensity to utilise low cost accommodation. Certain activities, such as scuba diving, adrenaline and water sports were however associated with much higher average spends, linked to the need for instruction and/or equipment hire. The same report suggested that whilst watersports were highly seasonal, overall adventure tourism contributed to extending the season and attracting greater winter visits.

More recent research, using UKTS data for 2010, has suggested that UK activity holidays were in decline prior to the recession[7]. However, subsequent growth in domestic tourism, as a result of the poor economic climate, is thought to have contributed to a rise in the domestic activity holiday sector, with an 8% growth in domestic activity trips in 2009. The same study estimated expenditure of domestic activity holidays in the UK as £1.77bn in 2010, compared to £5.11bn spent by UK tourists on activity holidays abroad.

As a result of a continued rise in domestic UK tourism and a desire to be more active following the Olympics in 2012, it is forecast that the domestic activity holiday market will continue to grow[8]. It is suggested however that growth will be minimal in the long term and will remain at an 11%[9] market share of all domestic tourism.

A small number of research projects have begun to make a distinction between 'hard' and 'soft' adventure tourism. 'Soft' adventure is frequently described as beyond the typical tourist itinerary, but without excessive physical demands or risk, including activities such as camping, walking and biking. Meanwhile, 'hard' adventure is often referred to as beyond an individual's comfort zone, involving a higher level of risk and constituting a more physical challenge, such as mountaineering, white water rafting/kayaking and mountain biking. Activities provided by WATO's members typically fall within the latter category and therefore to use emerging definitions of adventure tourism, 'hard' activities are the main scope for this research.

2.2.1 Activity Tourism in Wales

Activities are an important tourism product in many UK destinations but particularly so in rural and coastal areas, for example Scotland, the South West and Wales. Indeed, activity tourism plays a significant role in attracting a large proportion of Wales' visitors. According to a report published in 2003 using UKTS data[10], 14% of UK holidaymakers to Wales undertook an activity as the main purpose of their trip and over 83% undertook one or more activities when holidaying in Wales.

In the 2007-2013 round of European Convergence Funding, a large number of projects related to the outdoor activity tourism sector were funded under the 'Environment for Growth' (E4G) umbrella, with a total value of £35.5million. E4G comprised six strategic

7 Activity Holidays Market Report 2012

8 Activity Holidays Market Report (2012) www.keynote.co.uk/market-intelligence/view/product/10524/activity-holidays

9 During this research an estimate of the proportion of all tourism which could be considered as falling within the definition of outdoor activity tourism used in this research was undertaken. This suggested that it accounted for 12% of all tourism. Please refer to section 6 for further discussion.

10 Wales Tourist Board, (2003) Active Holidays in Wales, www.tourismhelp.co.uk/objview.asp?object_id=432 projects, managed in partnership by Welsh Government (Visit Wales, and CADW) and Natural Resources Wales. Under two of the strategic projects – Coastal Tourism and Sustainable Tourism – a Green Sea Programme and seven Centres of Excellence have been developed, which include three cycling centres and a watersports centre. These centres will work in partnership with the other E4G strategic projects, to act as hubs for encouraging more sustainable tourism in Wales.

The Outdoor Tourism Project[11] is also promoting further growth of the sector and is due to run until December 2014, supported by over £1m from the European Regional Development Fund. The project involves six organisations including Conwy County Borough Council, Gwynedd Council, the North West Wales Outdoor Partnership and partners in Ireland. The project seeks to understand the challenges and barriers experienced by providers, to enable the sharing of best practice and to explore new and innovative opportunities, including marketing initiatives.

As a result of research undertaken into adventure tourism in North West Wales, in 2004[12,], it was estimated that the sector was worth £140 million per annum to North West Wales and supported some 8,400 jobs across the region[13][14]. A number of studies have also been undertaken into marine activities including a PhD project focused on the socioeconomic valuation of the marine environment in Wales[15] and a recent economic impact study of marine recreation activities in Pembrokeshire.

A report in 2009 of the North Wales Outdoor Sector[16] provided an assessment of the tourism market in the area. The report conceded that whilst tourism is a potential key growth sector, it is also fragmented, comprising largely independent, small and micro businesses with limited opportunities for additional full time employment. Growing competition from other destinations was identified as a threat whilst barriers to growth in the sector were suggested as currently fragmented information and marketing activities, skills shortages, high staff turnover and limited public sector assistance.

Acknowledging many of these issues in the outdoor activity sector, WATO was established in Wales to raise the profile of the sector and provide a voice on a national level. WATO operates as a forum comprising regional groups from the three National Parks in Wales: South Wales Outdoor Activity Providers' Group, Pembrokeshire Outdoor Charter Group and Snowdonia Active. Bringing together existing outdoor organisations, WATO is currently estimated to represent over 600 outdoor activity organisations. The organisation promotes

11 Outdoor Tourism Project Marketing Strategy, 2013 www.outdoortourism.org/OT_%20Joint_Marketing.pdf

12 (Cited in) Outdoor Tourism Project Marketing Strategy, 2013 www.outdoortourism.org/OT_%20Joint_Marketing.pdf

13 Snowdonia Active (2004) The Active Economy, Cited in http://snowdonia-active.com/upload/documents/North%20Wales%20Outdoor%20Sector%20Report%201-2.pdf

14 It should be noted that the 2004 study used a different definition of the sector and different calculations / approach to estimate worth.

15 Socioeconomic valuation of the marine environment in Wales: implications for coastal management, Frau, A. (2010) http://fisheries-conservation.bangor.ac.uk/wales/documents/Ruiz_PhD_thesis.pdf

16 The North Wales Outdoor Sector: Vision & Action Plan 2009-2015 http://snowdonia-active.com/upload/documents/North%20Wales%20Outdoor%20Sector%20Report%201-2.pdf sharing of best practice and provides representation on a national level, allowing issues affecting the sector to be discussed directly with Ministers. As a result of WATO, more is now known about provision in the sector and it is hoped that this research will further this understanding.

"It is the view of the Wales Activity Tourism Organisation (WATO), that there is a real opportunity to recognise the value of this sector, and to support the continued sustainable development of Wales as a destination with world class outdoor recreation opportunities" WATO[17]

17 www.wato.org.uk/worn/

3 Research Methodology

3.1 Scoping Interviews

A short series of scoping interviews were conducted at the beginning of the project with representatives from each of the regional provider groups involved with WATO. Some of these representatives are currently, or have previously been involved in activity provision in Wales in the past. Six semi-structured interviews were carried out with questions focusing on the outdoor activity sector in Wales, its recent performance and future expectations, as well as marketing and partnerships. These interviews helped to guide the subsequent lines of enquiry, allowed the draft surveys to be sense checked in order to maximise their effectiveness and also supported the evidence later gathered from the surveys.

3.2 Data Collection

Data collection comprised two largely quantitative, online surveys; one for WATO member activity providers in Wales and one targeted at individuals who had participated in outdoor activities in Wales in the last twelve months. The majority of the surveys comprised closed answer questions in order to provide data for the impact analysis.

3.2.1 Online survey of Outdoor Activity Providers

The activity providers' survey was distributed to all WATO activity provider members, who were contacted by regional representatives of WATO by e-mail and telephone. The survey was designed in collaboration with the project steering group and WATO representatives and aimed to gather visitor and performance data available including the following information:

- Operational details: sub-sector, location, size, length of time established, employees etc;
- Business performance (last three years): turnover, employment change etc;
- Business optimism (next three years): turnover, employment change, etc;
- Visitor data: number of activity tourism visitors, average spend and range, origin;
- Other visitor information: visitor characteristics, demographics etc;
- Other business information: barriers to growth, competition, Wales as a location etc.

3.2.2 Online survey of Outdoor Activity Tourists

The survey of those participating in activities in Wales was distributed through a range of channels. Initial attempts to distribute the survey only to tourists through activity providers who are members of WATO resulted in a very poor response rate, therefore it was decided to widen the scope of distribution.

A previous study of adventure tourists found they often use social media blogs and networks including Facebook and Twitter to source information[18]. Thus, social media channels were considered to be a good resource for targeting activity tourists and were subsequently used to distribute the survey link. It should be noted that using existing groups, such as social media users in this case, has the potential for self-selection bias. That is, the sample is biased to outdoor activity tourists who engage with social media. However, given that previous studies suggest the use of social media among outdoor activity tourists is high, it is felt the potential for such bias from self-selection in this case, will be minimal. Nevertheless, consideration of the potential bias should be acknowledged when using the results of the survey.

Brief information and a direct link to the online survey were promoted on a number of Facebook pages and online forums as well as shared through contacts on Twitter. Key distributors of the survey included regional and national sporting groups such as Wales Cycle Tours and the British Canoe Union, and 'experience days' providers such as Red Letter Days (a full list of those contacted for distribution online is included in the appendix).

The survey questioned respondents on the following.

- Average stay and spend: direct and including associated costs (accommodation, food, travel etc);
- Demographic information: age, gender, location of residence, salary banding;
- Profiling information: postcode, lifestyle indicators etc;
- Attitudes to outdoor activities in Wales.

The open availability of the survey became problematic when groups not included in the scope of the study became aware of the research and felt excluded[19]. Under the misunderstanding that they were being denied an opportunity to express their opinions on access rights, certain groups such as anglers began their own online campaigns to distribute the survey among their own networks to ensure their sentiments were being noted. This led to a very high number of responses from individuals referring to activities outside the research scope and for a purpose that was not the intention of the survey.

18 Adventure Tourism Market Report, 2010 www.adventuretravel.biz/wp-content/uploads/2010/09/adventure_travel_market082610.pdf

19 See Section 2.1 for a definition of the scope of the survey, which – for the purpose of this study was determined by WATO membership.

3.3 Sample

3.3.1 Business sample

Figure 1 shows the distribution of activity provider respondents to the business survey. Slight clustering is evident reflecting the largely regional membership of WATO within the three National Parks. The survey received 296 responses, resulting in a response rate of 93 following the removal of incomplete responses and those outside the pre-agreed scope of activities.

Figure 1 Locations of activity provider respondents

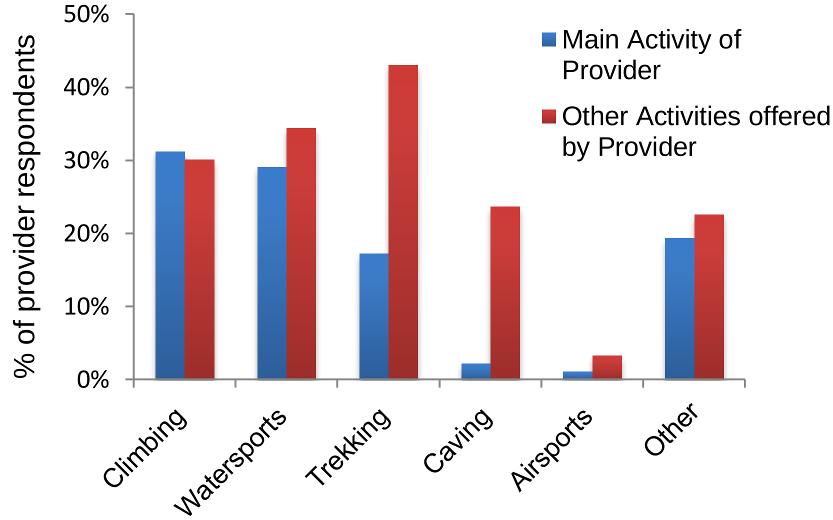
Base: 88 (unweighted)

Source: Miller Research (UK) Ltd.

The survey was distributed via existing networks and online through web-site links and social media. Thus there is the potential for self-selection bias in the responses. That is, responses will be biased towards those activity providers who select themselves into online and social media user groups. The extent to which the sample of businesses is representative of the overall population of activity providers is largely unknown as there is no available information regarding the profile of outdoor activity providers defined by the scope of this research.

As Figure 2 shows, climbing was listed as the main activity for the highest proportion of respondents although trekking was the most widely offered activity by all providers. Activities described under the category '*other'* included bushcraft/survival, wakeboarding, and zip line activities. More than half of all respondent providers had established more than 10 years ago and only 9% were established in the last 2 years.

Figure 2 Main and Supporting Activities offered by Respondent Providers



Base: 93 (unweighted)

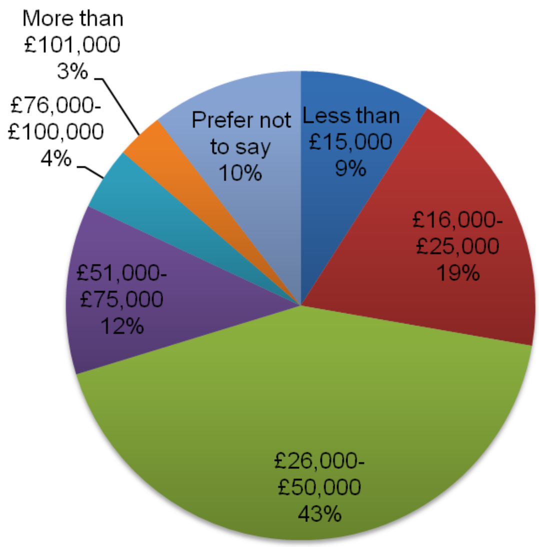
Source: Miller Research (UK) Ltd.

3.3.2 Visitor sample

The visitor survey received 3,637 responses. Once incomplete responses and those with activities outside the scope of the research were removed, the total sample became 1,022 respondents.

The majority of the respondents were male, making up 69% of respondents. Individuals aged 16 and under and aged 65 and over together make up only 2% of the sample, with the majority aged 26-44 (49%) and 45-64 (38%). A large proportion (43%) of the sample stated the annual salary of the chief income earner in the household as £26,000-£50,000, as shown by Figure 3.

Figure 3 Sample annual salary of chief income earner in household

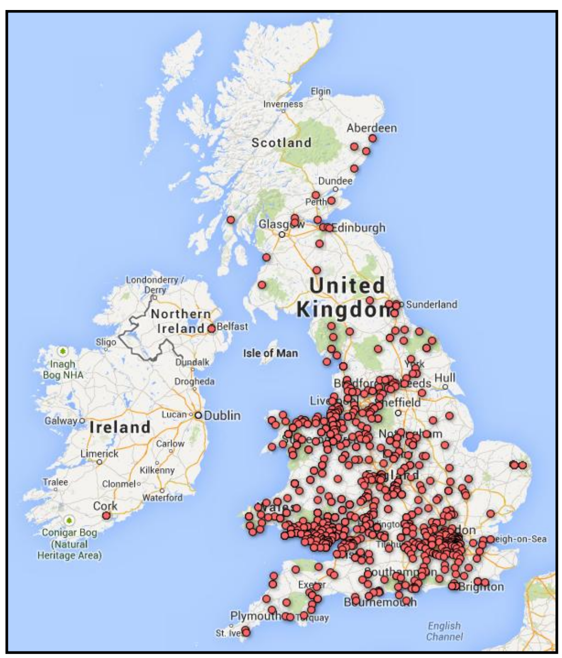


Base: 980 (unweighted)

Source: Miller Research (UK) Ltd.

Only four respondents were recorded as not UK residents, three from Ireland and one from Canada. Figure 4 shows the distribution of survey respondents and indicates that the majority were from Wales and England.

Figure 4 Distribution of UK and Ireland visitor survey respondents



Base: 975 (unweighted)

Source: Miller Research (UK) Ltd.

With regard to the nature of the activity trip, 32% of respondents travelled from home in Wales and 8% travelled from home in England, with the remaining 60% of respondents staying overnight (including those living in Wales who stayed elsewhere).

3.3.3 Statistical Significance

The extent to which the achieved sample represents the entire population of outdoor activity tourists in Wales is largely unknown as there is no available data which specifically addresses the definition of an outdoor tourist used in this study. Nonetheless, as way of illustration of the potential margin of error of the survey sample, assuming a 50% response distribution[20] and a 95% confidence level, the sample of 1,022 (assuming a population greater than 20,000) returns a 2.99% margin of error. That is, there is a 95% chance that the survey results will find the correct answer between a range of plus or minus 2.99% of the observed value[21]. At half the sample size (511) the margin of error increases to 4.28%, still within the widely accepted 5% margion of error[22].

20 The most conservative assumption in the absence of more accurate information. Also – assumes normal distribution.

21 Assuming 50% response distribution and normal distribution.

22 Based on the same assumptions as the previous illustration.

4 Qualitative and Quantitative Analysis

4.1 Importance of Outdoor Activity Tourism

Regional WATO representatives firmly asserted that the economic impact of outdoor activity tourism is extensive, significant and understated. It is argued that there is currently a lack of understanding of the importance of the activity tourism sector in Wales.

The importance of the sector was reinforced by several regional WATO representatives with reference to a number of previous research projects. For example, research into the impact of the foot and mouth crisis in Scotland demonstrated an equally significant impact on the adventure industry as on farming. The consequent economic impact associated with the reduced outdoor activity levels is said to have highlighted the true value of the sector to the UK rural economy.

The value of the sector to the economy of Wales was particularly emphasised by WATO regional representatives. It was suggested that the sector provides a valuable source of employment which has counteracted the decline of more traditional jobs in Wales. It was noted that many of these jobs are practical and do not require academic qualifications, however, it has also been noted in this research that, perhaps as a result of the seasonal nature of employment in the sector and the relatively low levels of skills required, staff turnover rates are high.

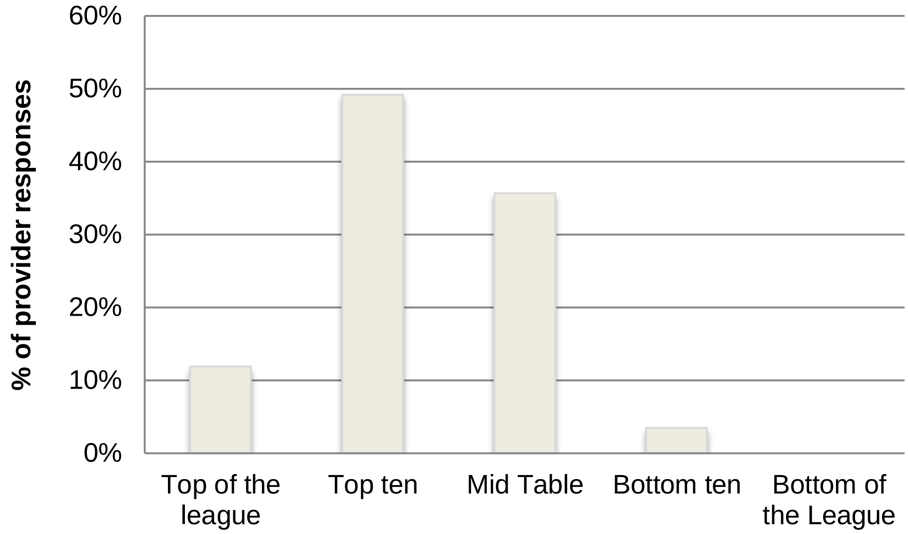
The survey of outdoor activity tourists revealed that, of those staying overnight, 54% would not have made their visit to/within Wales if they were not taking part in the activity. This suggests that outdoor activities are an important factor in promoting tourism in Wales.

According to WATO representatives, the importance of the sector was further argued to extend beyond the economy to wider sustainability issues including educational outcomes, health and well-being benefits, for both residents and visitors involved in activities in Wales.

The importance of outdoor activity tourism to Wales can also be considered in relation to other destinations. Perhaps not surprisingly, when Welsh based activity providers were asked where Wales would be placed in an international league table of outdoor activity destinations, 61% of respondents stated either ‘Top of the League’ or ‘Top Ten’. The results are shown in Figure 5.

Furthermore, 54% of providers surveyed considered this reputation to have increased over the last three years. This was attributed to high profile events and competitions, media exposure, new activity provision such as mountain biking facilities and a new zip wire attraction in Snowdonia.

Figure 5 Wales' Position in an (Imaginary) International League Table of Outdoor Activity Destinations According to Welsh Activity Providers



Base: 59 (unweighted)

Source: Miller Research (UK) Ltd.

4.2 Target and typical visitor market

The majority of Regional WATO representatives interviewed did not believe there was a target market for, or typical participant in, outdoor activities in Wales. It was largely argued that, reflecting the diversity of the choice and offer in Wales, activity tourists ranged widely from those pursuing hobbies and day trippers, to independent holiday makers and those booking through holiday packages.

However, it was also suggested by one regional WATO representative that "*there is a mismatch between the target audience looking for these activities and what providers want to offer*". Based on rational business behaviour[23] it was noted that many commercial providers preferred groups such as stag and hen parties as they can be more highly profitable (than other types of tourist) - despite the majority of enquiries coming from small families and individuals, who are less attractive to companies because of the lower ratio of participants to instructors deriving less value per participant.

Meanwhile, another regional WATO representative suggested that those seeking outdoor activities north of the West Midlands would tend to visit the Lake District, whilst those south of the area were often inclined to consider Wales. To evidence this sentiment, the survey results (see Figure 4) suggest this is also the case.

23 That is to assume that business seek to maximise profit.

4.3 Strengths of the Sector in Wales

The strengths of the sector in Wales are illustrated by the breadth of positive responses from visitors describing their experiences of outdoor activities in Wales. The results also show that among those who only visited once in the last year, the majority of responses were positive.

"Pen y fan tastic!" Activity Tourist

"Wales is one big adventure playground!" Activity Tourist

"Natural resources rival any other destination" Activity Tourist

"Wales is a big play ground for outdoorsy types!" Activity Tourist

Figure 6 displays the most frequent words contained in visitors' descriptions of their experiences undertaking activities in Wales. From this, it is evident that the scenery, environment, specific activities and facilities are important parts of the visitor experience. Many descriptive words such as "*variety*", "*fantastic*", "*awesome*", "*clean*" also suggest positive experiences.

4.3.1 Environment and Geography of Wales

Regional WATO representatives interviewed referred to geography, location and the natural environment as the key strengths of the outdoor activity sector in Wales. This was also reflected in the descriptions of visitors' experiences of outdoor activities in Wales.

The landscape, scenery and environment of Wales were frequently referred to as part of visitor descriptions of experiences of outdoor activities. This included comments on the "*wild, unspoilt scenery*", "*diverse landscape*" and "*plenty of space*" as well as the lack of pollution and consequent cleanliness of the air and water.

In addition to its aesthetic qualities, the landscape and geography of Wales were also described as optimised for both specific activities and a variety of opportunities. This was a common theme in discussions of experiences and was evidently valued by those of all abilities including experts in their sport as well as novices and those seeking one-off experiences. As a result of the variety, Wales was also frequently referred to as suitable for all abilities and all weather conditions.

"The best place I have been in the UK to combine Kayaking, Caving, Walking, Climbing and other sports in a close area. I love it!" Activity Tourist

"Great variety of locations and opportunities to undertake a whole range of activities" Activity Tourist

"A great variation in Landscape over a relatively small area means that many different activities and ability levels can be catered for" Activity Tourist

"a landscape to suit every person and activity" Activity Tourist

Figure 6 Most frequent references made in respondents' descriptions of outdoor activities in Wales

Source: Miller Research (UK) Ltd., created using www.wordle.net

WATO representatives also recognised that a range of strengths lie in the different regions and landscapes of Wales. For example, coasteering was suggested to be well established in Pembrokeshire; climbing associated with the craggy mountains of North Wales; and gorge walking and caving linked to the Brecon Beacons area.

4.3.2 Provision and Facilities

Facilities in Wales, particularly for certain activities, were widely praised by visitor respondents. Some even claimed that the quality of specific activities in Wales such as mountain biking, kayaking and climbing was enough that they were willing to travel several hours to reach Wales in order to undertake them.

"The facilities in the area are first rate and are only comparable to a few other areas in the UK." Activity Tourist

"I would go as far as saying World Class in a few areas and activities." Activity Tourist

"First class mine exploration at Corris" Activity Tourist

"Wales is a first class mountain bike destination" Activity Tourist

"the trail centres and whitewater [sic] courses make Wales an easy destination when planning trips" Activity Tourist

"Superb MTB trail centres, well worth a 7 hr round trip" Activity Tourist

WATO representatives also claimed that the knowledge and passion of activity providers were also strengths. These strengths were argued to be appreciated by, and transferred to clients, to the extent that they leave Wales equally enthusiastic about the outdoors and well informed about Wales. Providers were also referred to positively by a number of visitors who widely described activity facilities as "*safe*" and staff as "*welcoming*".

"Amazing, very professional, outstanding service" Activity Tourist

"Good friendly staff and atmosphere" Activity Tourist

"People were extremely nice and accommodating at the sites we visited and we were made to feel welcome, a very enjoyable experience" Activity Tourist

These few responses reflect many more positive comments expressed about the facilities and provision of activities in Wales. Whilst the majority of comments focussed on the quality of provision, a number of visitors also noted the affordability of activities as a pull factor for Welsh activities.

One WATO representative also pointed to the wide participation of activity providers in voluntary codes of conduct and the high levels of engagement in commitments to health & safety and sustainability as enhancing the offer in Wales. This was in reference to the Outdoor Charter established in Pembrokeshire. Another representative also described how Wales has maintained its reputation through "*fighting to keep licensing in Wales*" which reduces the risk of fatalities.

Largely positive experiences of tourist information, hospitality and other supporting services were also reflected in the comments of both providers and visitors about activities in Wales.

"We found the visitor centres in towns we visited were often very useful, and had lots of books/leaflets" Activity Tourist

"Top quality food, drink and accommodation offer" Activity Tourist

"people extremely hospitable" Activity Tourist

"some of the nicest and most welcoming villages and towns I have experienced" Activity Tourist

"[activities are] further enhanced by a cultural and social backdrop which makes Wales more than an adventure playground. We find customers look for more than just the thrills and spills - spending the night in a centuries-old B&B is as much part of the experience as shredding the trails on a mountain bike!" Activity Provider

"there is a small town charm about the way that most events provide simple things like tea and cakes" Activity Tourist

However, it should be noted that this was not consistently referred to as a strength by providers and small number of visitors as discussed later in the report in reference to barriers.

4.3.3 Accessibility of activities

The accessibility of activities in Wales was also purported to be a strength by WATO representatives.

"you only have to leave the car park and it's there, it's wild". Activity Tourist

It was suggested that providers in Wales tend to be compacted within small areas, such as in Snowdonia. This was argued to make activities more easily accessible and appealing and was compared to Scotland which was described as larger with dispersed focal areas of activity.

This was reinforced by the comments of visitors who valued the accessibility of activities in Wales both in terms of proximity from their homes, ranging from the South of England to the Midlands, as well as the ease of access locally within Wales to areas suited to multiple activities or activity centres. Many described appreciating the combination of ease of access with the short distance required to travel to rural and unpopulated areas.

"Within a half hour drive of my home in South Wales, I have access to beautiful waterfalls, dramatic mountains, award winning beaches, peaceful rivers." Activity Tourist

"it's on the doorstep, easy to access" Activity Tourist

"easily accessible yet easy to get away from lots of people." Activity Tourist

"Big mountain feel but readily accessible." Activity Tourist

"a lot to offer in a compact area" Activity Tourist

Providers frequently referred to this accessibility as a key distinguishing selling point for Wales as a destination for activities.

"I think that the diverse range and quality of outdoor experiences and the proximity to all of these venues and destinations (especially when compared to other parts of the world) is unique." Activity Provider

"the only place where you can coasteer, surf, dive, canyon, pothole, climb, gorgewalk, wild swim, kayak within a 1hour radius and with two cities in radius." Activity provider

However, it should be noted that a number of visitors to Wales felt that widening access in some areas had devalued the area for those more experienced in their activity. This was described by one individual as becoming "sanitised" and was further explained by another:

"Has become more accessible over the last few years - however, does feel activities being watered down too much as to accomdate [sic] less experienced people. Need to ensure a board [sic] range of experience levels can be accommodated". Activity Tourist

4.4 Recent Performance and Future Prospects

WATO representatives argued that the profile of Wales and its activity providers had increased dramatically as a result of a number of television programmes and features. This was particularly notable in Pembrokeshire which, among others, has featured on Countryfile, and Iolo's Great Welsh Parks in recent years. Pembrokeshire was named the National Geographic's second best coastal destination in the world, which also increased its publicity and profile.

Several WATO representatives noted a rise in demand for activities and profits for a number of years, whilst one referred to figures demonstrating a significant increase in the number of providers in their area. However, it was widely recognised that businesses were not receiving as many visitors this year as they had anticipated.

"The economic importance is growing but not as busy this year, it's a lot quieter… venues last year were teeming". WATO representative

This was suggested to be the result of a greater number of providers competing for the same, if not lower numbers of visitors. Other explanations for a decline in the sector were offered as cheaper alternatives offered by holidays outside the UK[24] and superior marketing taking place in other areas of the UK such as the Peak and the Lake Districts which were considered to have performed better recently. The performance of the sector was additionally argued to fluctuate significantly and frequently in all areas due to the weather which *"can lead to 'bumper seasons' and peaks and troughs."*

It was argued that providers aren't necessarily getting the most economic value out of tourists and that there is good potential in the future for improving networking in the sector and linking activities together into packages. It was argued that providers are often highly protective of their products and therefore, besides occasionally sharing staff, have previously avoided collaboration. According to one Regional WATO representative, accommodation providers have

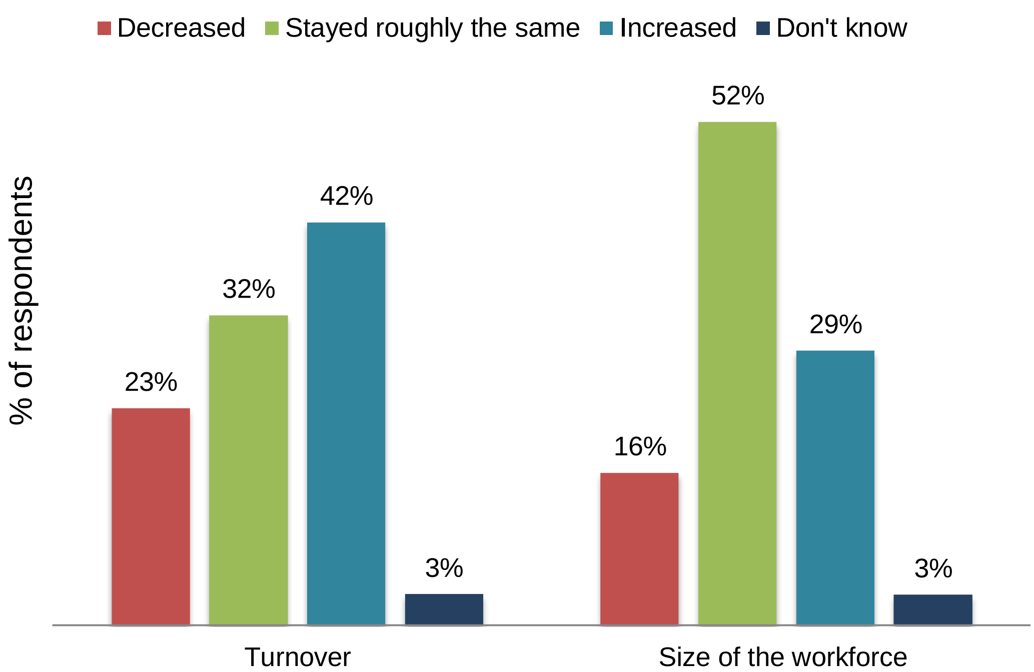
24 Relative to prices for taking a holiday abroad in previous years.

also claimed that providers could do more to work together with them. Coasteering Wales now offer packages and day out vouchers.

4.4.1 Recent Business Performance

Figure 7 shows the responses from activity providers when asked about their business performance over the last three years, including how their turnover and workforce have changed.

Figure 7 Activity providers business performance over the previous three years



Turnover base: 62 (unweighted). Size of workforce base: 63 (unweighted)

Source: Miller Research (UK) Ltd.

Just over one fifth of providers surveyed believed their turnover had decreased, whereas a little more than two fifths (42%) stated their turnover had increased over the last three years. Increases in turnover were attributed to a number of factors by respondents, including business expansion through offering new activities, products and services. Many other businesses believed it was due to their widening reputation and popularity, returning customers and effective marketing. A small number also attributed the rise to a growing outdoor activity market:

"The outdoor adventure tourism industry is growing, both with a change in attitudes and better equipment allowing a greater range of people to get outdoors safely and comfortably." Activity Provider

The increase in the visitors seeking activities was even attributed by one provider to the rising popularity of sport as a result of the 2012 Olympics. The weather was commonly referred to by respondents as influencing turnover.

Those providers who stated that their turnover had decreased, frequently explained this as the result of greater competition from other providers or as a consequence of both the local and national economic climate limiting disposable income and consumer confidence. Meanwhile a small number also referred to a lack of governmental promotion as leading to decreases in their turnover. Beyond these factors, reasons for no change in turnover were linked to reaching maximum capacity in terms of both space and efficiency and limited opportunities for growth. One respondent also claimed that lower grade competition were driving prices down.

Although many of the same reasons were given for changes in the size of a providers' workforce, the graph shows that a far greater proportion believed that their staff numbers had remained the same. Many providers felt no need to expand the workforce, reinforced by the belief that demand had remained constant. Meanwhile, others suggested that excessive paperwork would be required for employing in higher numbers over a certain threshold.

Beyond business growth and increased clients, a number of providers who described an increasing workforce claimed this was due to the opportunities provided by Jobs Growth Wales to employ more staff.

Only 16% of providers noted a decrease in the size of their workforce, for which fewer customers and fewer corporate clients were blamed as well as the need to reduce overheads and implement cost savings as a result of the aforementioned reasons given for reduced turnover.

4.4.2 Future prospects

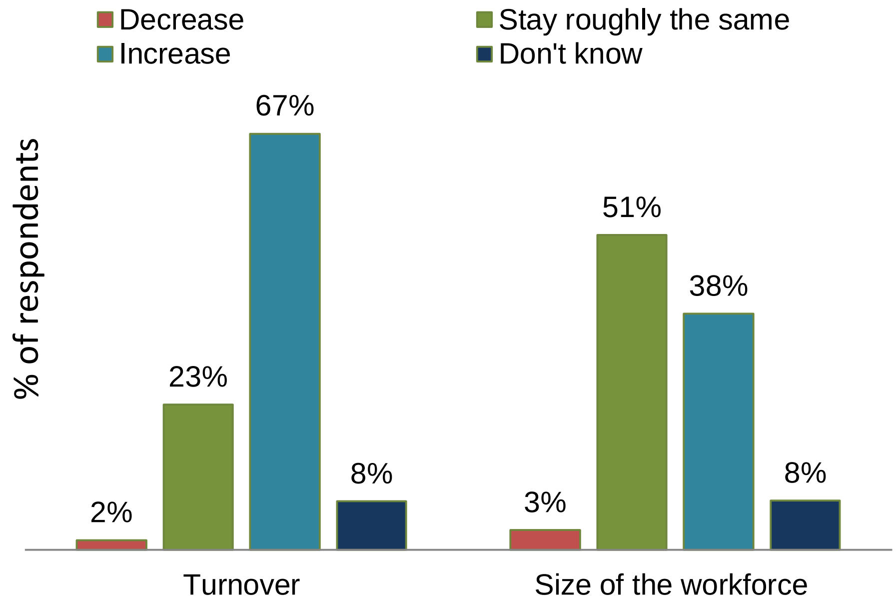
As shown by Figure 9, a very small minority of activity providers anticipated that their turnover or size of their workforce would decrease over the next three years (2% and 3% respectively). These few providers claimed this was due to excessive competition and argued there is insufficient support from the government. Another provider suggested that UK domestic tourism may decrease as the economy recovers and holiday makers can afford to travel abroad more often.

The belief that turnover and workforce would remain the same were both linked to the slow recovery of the local and national economy, the limited capacity of activity centres and the environment and a lack of open access.

It is evident that whilst a large majority of providers are optimistic about the prospects of increasing turnover, fewer are confident that they will similarly increase the size of their workforce. One provider commented on a strategy which may allude to part of the reason for differences in expectations for turnover compared to workforce size.

"switching to higher value services to make more profit from the same volume of work" Activity Provider

Figure 8 Activity providers anticipated business performance over the next three years



Turnover base: 64 (unweighted). Size of workforce base:63 (unweighted)
Source: Miller Research (UK) Ltd.

Meanwhile, others expecting an increase in turnover pointed to improving consumer confidence and the economic climate, the time and effort devoted to the business, its promotion and marketing and a decrease in competition. It was also suggested that demand may continue to rise in Wales both as a result of an increasing trend in domestic and activity holidays in the UK and Wales' reputation.

"because Wales in [sic] now on the map with people realising the potential of the destination. A country for who service is not effected [sic] by the weather" Activity Provider

"more people are realising that outdoor adventure activities are accessible (even to the novice)" Activity Provider

Others linked their optimistic expectations to specific business plans including new ventures, expansion and growth. A number of providers described having found a niche in the market, meeting untapped potential and the demand from new markets.

Regarding the demand for activities in Wales, 99% of visitor respondents claimed that they would come again to Wales to undertake the same, or a similar outdoor activity.

4.5 Barriers to Future Potential Growth within the Sector

WATO representatives were generally optimistic about the future prospects of the sector. Wales was said to be "*in a prime position to capitalise on changing societal/cultural values and the increase in experience seeking and bucket list generation".* Despite this, one Regional WATO representative was more pessimistic about the financial future of the sector and barriers to continued growth were identified by both WATO and activity providers.

4.5.1 Limited capacity to support expansion

A key barrier to further development of the sector was also recognised as the limited capacity of Wales to support further activities and a current saturation of providers. This was recognised by both regional WATO representatives and activity providers who linked capacity not only to current visitor numbers but also to the limits on venues imposed by environmental restrictions. These restrictions are in place to prevent damage to the special character of the regions including habitats, species, wildlife, geology and archaeology. It was noted that this applies less to certain activities such as sea kayaking which is less impacted by these limits.

These limits were also argued to be exacerbated by landowners increasingly demanding payment from providers for access to their land. A solution to this was offered by one Regional WATO representative as *“the expansion of providers beyond their existing sites in honey pot sites and the National Parks”*. This was also argued to reduce the risk of overusing existing areas and would spread the impact of activities.

Environmental Outdoor Charter Groups in North Wales and Pembrokeshire are working to ensure the sustainable management of activity venues. Their aim is not only to preserve and conserve special environments but to work with stakeholders and build consensus between activity providers, land managers and other agencies.

Providers also pointed to the unpredictability of the weather and the seasonal nature of activity tourism as limiting the capacity of the sector and prospects for growth. In addition to demand constraints, competition from other providers was thought to reduce potential for individual business growth. Beyond private activity providers, one respondent also noted that local authorities are increasingly representing competition. It was argued that local authorities are often able to provide activities at a reduced cost, something which providers felt was unfair and challenged growth in the private sector.

4.5.2 Financial barriers

Financial issues were commonly cited by providers who referred to increasing operation costs as potential barriers to future business growth.

“Increasing running costs- cost of fuel” Activity Provider

“Increasing insurance premiums and the "claims culture" could force some companies out of business.” Activity Provider

A large majority of activity providers referred to a lack of financial support from Government as a key barrier to future business growth. However it should be noted that these comments were provided by those with a vested interest in future support for the industry. Many noted an absence of industry support and funding for small operators as well as a lack of inward and capital investment. One activity provider also suggested the level of support was unfavourable compared to funding for other sports such as football and tennis.

“There is a lack of available funding from "traditional" sources such as banks. Cash flow is a major issue and expansion requires substantial capital investment which is difficult for a small

business that is expanding. It is a constant battle to meet customer expectations (e.g, offering modern equipment, facilities and innovative products) on a budget." Activity Provider

"I have struggled to recieve [sic] financial investment from Wales. Other countries, have seen the importance." Activity Provider

4.5.3 Limited Marketing

Regional WATO representatives and a number of providers argued that whilst marketing of the sector in Wales is good on a national level, it remains limited internationally -referring to Pembrokeshire's world rating by National Geographic, one respondent claimed they did not believe that "Pembrokeshire or Wales shouts loudly enough". Activity providers demonstrated a largely negative attitude towards marketing and information at a national level.

"Wales is pretty rubbish at advertising itself to the adventure tourism market." Activity Provider

"Infrastructure and recognition within Wales is sporadic and centred around a message of 'find it yourself'. The same information is repeated on several websites/publications. Signposting is very poor, go to Scotland and every car park leading to a Mountain is very clearly signposted." Activity Provider

"Wales misses the top spot because of the lack of support and infrastructure which is required to really make the most of the destination…access to information about the outdoors is limited and fragmented" Activity Provider

"Not promoted enough as a destination, too many 'one man shows' and not enough central support or coordination. Needs a 'guides bureau' type thing in llanberis [sic] to book outdoor activities" Activity Provider

Regional WATO representatives also claimed that marketing was fragmented and suggested that national marketing is disconnected from both a local scale and on an individual business level. They further noted that many providers are typically not confident with contemporary marketing techniques and would benefit from help to promote the organisations more effectively using new marketing methods.

A small number of providers agreed that they were not confident in marketing however several also noted that there was not much support available to them to improve this. Many expressed the belief that others should do more to support marketing and ultimately blamed authorities such as the Welsh Government and Visit Wales for a lack of appropriate support.

"Lack of Welsh Government funding on advertising Wales as a premiere destination for activity tourism" Activity Provider

"Visit Wales promotion requires accreditation: not cost effective for small operations." Activity Provider

The lack of publicity Wales has received was also alluded to by visitors with many respondents implying that the offer of activities in Wales was not well-known by the public.

"Mid Wales is the best kept secret in tourism!" Activity Tourist

"Not enough information and publicity to the general public" Activity Tourist

Despite this, only 12% of those surveyed agreed with the statement 'I found it difficult to access information about where to experience outdoor activities in Wales.' This suggests that whilst marketing may be limited, overall information provision was considered accessible for the majority of those who have undertaken activities in Wales in the last year. However, due to the online distribution method of the survey, the sample is likely to be biased towards computer literate individuals and those who receive outdoor activity information online. It does not therefore necessarily reflect the thoughts of those who rely on wider information provision.

Despite criticisms of marketing, a number of Regional WATO representatives claimed that the recent development of the Visit Wales website was beginning to have a significant and positive impact following replacement of the previous site which was argued to be outdated and unreflective of current activity. Signposting from national level to providers was argued to bring marketing together. However, it was suggested that the website could be enhanced through providing users with the opportunity to search for activities and associated providers in Wales. It was also argued that communication and collaboration with providers could be improved in order to provide up-to-date and accurate information and images.

WATO was also said to have helped raise the profile of the sector within Visit Wales marketing efforts. Discussing problems and working together to align efforts were described as very worthwhile.

4.5.4 Lack of Qualified and Suitable Staff

WATO representatives argued that a lack of appropriate entry point into employment within the sector would likely prevent it from achieving its true potential. It was pointed out that whilst quality instructors are critical to the success of the sector, existing degrees and diplomas in outdoor activities do not prepare students effectively enough for this work.

A deficiency in qualified staff was also recognised by activity providers in Wales.

"We also find it difficult to recruit and retain suitable staff. Qualifications are rarely the issue - the labour pool is just rather limited and there are not many candidates offering the right "soft skills" and level of commitment. Wages in this sector are low and this does not aid staff retention." Activity Provider

"Poor qualifications and experience of potential employees, and at best, fairly narrow knowledge and low ambition from those who are around. Trade bodies out of touch with reality." Activity Provider

"Shortage of workers and people wanting to work." Activity Provider

WATO is involved in the development of the Outdoor Sector Apprenticeship for Wales in order to ensure that the needs of the activity provider SMEs and micro businesses are represented. There is a concern that the apprenticeship framework is more reflective of the needs of large outdoor sector providers, however WATO will be continuing to work with Welsh Government to influence future skills development for the sector.

4.5.5 Deficiencies in Wider Service Industry and Lack of Collaboration

Although the majority of businesses and providers were positive about wider tourism services, a small number referred to a lack of suitable accommodation, deficiencies in the wider service industry and poor public transport links. These were also described by a small number of providers as potential barriers to future business growth.

"Poor accommodation in the area and poor quality restaurants and service in restaurants detracts from experience of customers… I struggle to recommend places for people to stay. Service in many food establishments is not with a smile!!" Activity provider

"Distinct lack of eating facilities (pm),even in towns." Activity Tourist

"transport routes to North Wales from my county not brilliant so lengthen journey…Some opportunities such as hiring of beach huts etc. not well advertised, needed more of a coordinated approach as a locality such as a list of accommodation with a guide on standards, list of things to do" Activity Tourist

"Public transport is poor if you don't have a car." Activity Tourist

Additionally, business collaboration between providers and wider tourist services were described as limited by both Regional WATO representatives and activity providers, with one business owner commenting on a *"lack of familiarity with B2B*[25] *relationships".* Whilst sharing of staff occasionally takes place, it is apparent that cross-promotion and collaboration between providers and wider tourist services is rare.

Described as partly the result of fierce competition between providers, it was also acknowledged that efforts to create greater collaboration with accommodation provision through packages are hindered by European Union regulations which place additional registration and protection requirements on sellers of package travel. This was argued to necessitate greater administration and additional Value Added Tax charges. This has potentially played a role in discouraging businesses in the sector from developing cross business relationships.

Slightly more than a quarter (27%) of visitors surveyed stated they would consider longer activity tourism trips to Wales if packages with accommodation were available. Therefore, the development of such offers could help to extract greater economic value from just over a quarter of activity tourists.

4.5.6 Access

Difficulty in obtaining planning permission and a lack of clarity surrounding access legislation regarding both land and water were identified as potential barriers by activity providers.

"Rights of lands usage, ie private land owners, national parks. Outside companies using areas without adhering to local protocols." Activity Provider

"Restricted access to natural resources, Over/inappropriate use of the countryside and its resources" Activity Provider

25 Business to Business.

"Accessibility to outdoor venues. parking fees, permits, greater control and clashes with other interests all have a negative effect" Activity Provider

The main source of negativity in visitor comments similarly stemmed from dissatisfaction with the current access laws and rights in Wales which were described by both users of land and water.

Several individuals also suggested that confusion over access rights had led them to pursue their activity outside of Wales, many in Scotland, where the access rights were argued by many to be clearer and more user friendly.

"lack of clarity regarding access can mean unwarranted criticism from others and make the experience uncomfortable." Activity Tourist

"Rivers tend to be crowded as so little access time…[doesn't] make for the most enjoyable of experiences." Activity Tourist

"some footpaths and bridleways are closed off by landowners or rendered impassable, you seldom find this in England these days as the authorities are more aware of legislation" Activity Tourist

"I do not feel welcome in Wales as a kayaker. I now only visit whitewater centres and avoid natural rivers. I instead spend my time and money in Scotland and France where the access situation is far better" Activity Tourist

"Amazing environment and scenery, but fraught with access restrictions and associated hassle. Scotland, and almost everywhere else in the world, are for this reason a better option, except for the distance to be travelled." Activity Tourist

Problems with access were also the only reason given for not recommending Wales as an activity destination and were the most frequent reasons given by respondents stating they may not return to Wales to undertake outdoor activities in future.

5 Impact Analysis

This section describes the methodology used to estimate the direct, indirect and induced effects of outdoor activity tourism in Wales during 2013. Firstly, it sets out the economic rationale explaining how outdoor activity tourism contributes to the economy before secondly, describing the approach taken to assessing the impact of increased outdoor activity tourism. Thirdly, the findings of the impact assessment are discussed.

In short, the approach adopted for estimating the economic impact of visitor spending is based on the following simple equation:

$$\underbrace{\text{Economic Impact of Outdoor Activity Tourism Spending}}_{\text{Net Benefits}} = \underbrace{\left(\text{Number of Outdoor Activity Tourists / Visits} \times \text{Average Spend per Outdoor Activity Visitor}\right)}_{\text{Gross Benefits}} - \text{Adjustments for Deadweight \& Displacement} + \text{Multiplier Effects}$$

The economic rationale for this approach and a description of how each variable was estimated is offered below.

5.1 Economic Rationale

Outdoor activity tourism contributes directly to Wales' GDP (Gross Domestic Product) through the GVA (Gross Value Added) it produces as a result of attracting additional visitors who would not otherwise have visited Wales. The additional spend of these visitors has an impact on the businesses in which the money is spent, as well as their suppliers. This assessment attempts to measure what the impacts of the additional spend of outdoor activity tourists in Wales might be.

Economic activities are interconnected through supply chain interactions which transcend sectoral boundaries. That is, the production of an output of a good or service increases the demand for additional goods and services from a variety of sectors, so that it can be provided. Therefore an increase in demand for one product or service stimulates demand for other goods and services in the wider economy.

Likewise, an increase in output will increase the demand for labour for both the company producing the final product or service as well as among those companies supplying the required goods and services.

Input-Output models offer a way of understanding the interaction in an economic system by determining the relationships between buyers and their suppliers. The Welsh Input-Output model[26] shows the flow of goods and services between industries in the Welsh economy and as such can be used for economic modelling purposes.

Specifically, the model provides analytical tables that estimate the economy-wide impact of changes to demand (vis-a-vis output) in the form of multipliers and in doing so allows the

26 Welsh Economy Research Unit, 'The Input-Output Tables for Wales 2007', July 2010.

calculation of the direct, indirect and induced income effects of a change in demand. These effects are defined as:

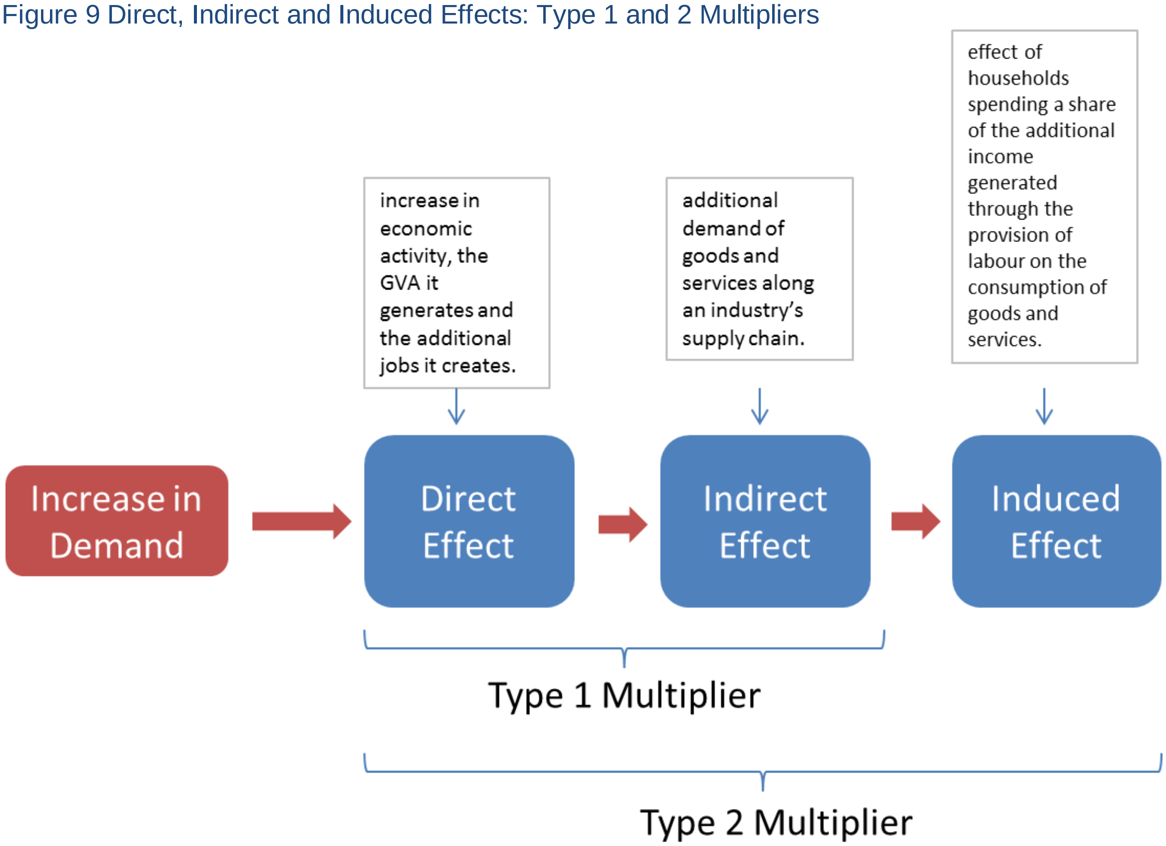
- **A Direct effect** arising from the initial increase in economic activity, the GVA it generates and the additional jobs it creates.
- **An Indirect effect** arising from the additional demand of goods and services along an industry's supply chain.
- **An Induced effect** arising as an effect of households spending a share of the additional income generated through the provision of labour on the consumption of goods and services.

As expressed in the Welsh Input-Output model, the ratio of the direct, indirect and induced income effect to the direct effect is termed a Type 2 multiplier. A Type 1 multiplier excludes the induced effect. This is shown in Figure 9. In adopting this approach, this economic assessment considers two key economic variables:

- Gross Domestic Product (Output)
- Employment

The approach to estimating each variable is discussed in turn below.

Figure 9 Direct, Indirect and Induced Effects: Type 1 and 2 Multipliers



Source: Miller Research (UK) Ltd.

5.2 Gross and Net Benefits

The increase in gross output (additional spend) as a result of outdoor activity tourism has been estimated by considering the likely number of outdoor activity tourists in Wales using secondary data; and estimating their cumulative spend using average spend data obtained from primary research carried out for this study as well as spend data from Visit Wales via annual surveys[27]. The approach taken to calculating each of these variables and thus the gross benefit is discussed below.

5.2.1 Number of Visitors

The number of all tourists is collected by Visit Britain[28] and the Office for National Statistics (ONS) through a number of surveys, each relating to a different type of visitor, those who stay overnight, and those who don't. The latter are referred to as day visitors and a survey specifically targeted at this group called the Great Britain Day Visits Survey (GBDVS) offers the total number of day visitors to each nation in Great Britain. Meanwhile, surveys of overnight visitors are split into domestic and international visitors. The volume and value of overnight domestic tourism trips taken by residents of Great Britain is measured using the Great Britain Tourism Survey (GBTS)[29]. Visits from international visitors are measured through the International Passenger Survey (IPS)[30] run by the ONS.

Using secondary data sources it is not possible to obtain a figure representing the total number of outdoor activity tourists who visit Wales in a given year. This is because existing datasets do not segment their data by the same definitions adopted in this analysis. Therefore, in order to establish an estimate of the total number of outdoor activity tourists in Wales that could be used in this study, it was necessary to make an approximation based on the data that was available.

For the purpose of this study it was felt that the best approximation of the total number of outdoor activity tourists would be to consider the proportion of all tourists whose primary reason for their visit was to take part in an outdoor activity as defined in this study. That was achieved by matching the activity / activities they said they took part in whilst in Wales, from existing national surveys, with the classification of outdoor activities used in this study.

Thus, to establish the proportion of domestic visitors for whom the primary purpose of their visit was to take part in an outdoor tourism activity the results of the Great Britain Tourism Survey 2012 were used. For day trippers, the Great Britain Day Visitor Survey 2012 was used whilst to estimate the proportion of international visitors, data from the International Passenger Survey 2011 was used[31]. In each case, the list of activities recorded by respondents was matched as closely as possible to the definition of activities adopted in this study. A further distinction was necessary however, to account for differences in the categories of activities collected via these

27 The Great Britain Day Visitor Survey (DBDVS) 2012 and the Great Britain Tourism Survey (GBTS) 2012.

28 And the respective tourism bodies representing each nation in Britain.

29 http://www.visitengland.org/insight-statistics/major-tourism-surveys/overnightvisitors/

30 http://www.visitbritain.org/Images/Activities%20by%20Area%20of%20the%20UK_tcm29-14612.pdf

31 Data was provided by Visit Wales. See appendix for further information.

surveys and the adopted definition used in this study. Of note, existing survey data uses two categories for visitors who took part in walking; short walks and long walks (defined as </> 2 miles / an hour). Short walks falls outside the definition of activities in this study however, a proportion of those in the long walk category can be classified as outdoor tourism (for example mountaineers might fall within this category). Therefore, the proportion of visitors (of all visitors) who could be classified as outdoor activity tourists has been calculated both including and not including 'long walkers'.

Taking this into consideration, the activities from each data source which most closely matched the definition of the outdoor activity tourism sector used in this study are shown in Table 12 whilst a summary of the proportions of all visitors classified as outdoor activity tourists for the purpose of this study are shown in Table 1.

Table 1 Summary of Proportion of Outdoor Activity Visitors by Type

Visitor Type	**Proportion of All Visitors Classified as Outdoor Activity Tourists**
Domestic Visitors[1]	
All	7%
Excluding 'long walkers'	1.8%
Day Visitors[2]	
All	11%
Excluding 'long walkers'	1.4%
International Visitors[3]	3%

Sources:[1] Great Britain Day Visitor Survey 2012, [2] Great Britain Tourism Survey 2012, [3] International Passenger Survey 2011.

Using these proportions along with the total number of tourists to Wales, an approximation of the number of outdoor activity tourists that came to Wales during 2012 (whose main reason was to participate in outdoor tourism activities) was estimated.

Prior to applying the proportion of categorised outdoor tourists to the total number of international visitors a further adjustment was necessary to discount those who are unlikely to have taken part in outdoor tourism activities[32]. That is, of international visitors, those who were visiting on business or to study were not considered as it is unlikely they would participate in outdoor tourism. Thus, only those indicating that the purpose of their visit was for pleasure / leisure were considered[33].

Table 2 documents the outcome of this analysis. It shows the stages of calculations used to derive an estimate of the total number of outdoor activity tourists to Wales in 2012 for the purpose of this study.

32 This step was not necessary for the other types of visitor as only those whose main activity was categorised as outdoor tourism was used. The IPS does not collect data for main activity therefore an adjustment was necessary to ensure only those who potentially might be outdoor tourists was necessary in order not to overinflate outdoor activity tourist estimations.

33 Shown in Table 2 as the 'Percentage of potential outdoor activity participants'. Calculated as 78%, the proportion of visitors likely to participate in an outdoor activity i.e. all visitors except those visiting for business or study.

Table 2 Total Number of Outdoor Activity Tourists in Wales (2012)

Domestic Visitors[1]	All visitors	9,242,857
	Number of visitors who are activity tourists (all)	**647,000**
	Number of visitors who are activity tourists (excluding long walkers)	166,000
International Visitors[2]	Number of International Visitors	991,000
	Percentage of potential outdoor activity participants	78%[34]
	Sub total	772,980
	Proportion of visitors who are activity tourists	3%
	Total International Outdoor Activity Tourists	**23,189**
Day Visitors[3]	Number of day visitors	101,405,000
	Number of visitors who are activity tourists (all)	**11,203,000**
	Number of visitors who are activity tourists (excluding long walkers)	1,428,000
	Sum of all outdoor activity tourists (all)	**11,873,189**
	Sum of outdoor activity tourists (excluding long walkers)	**1,617,189**

Sources:

1http://www.visitengland.org/Images/GB%20Tourist%202012%20-%2030-08-2013%20-%20FV_tcm30-38527.pdf , (page 14)

2http://www.visitbritain.org/Images/Activities%20by%20Area%20of%20the%20UK_tcm29-14612.pdf, (page 25)

3http://www.visitengland.org/Images/GBDVS%20Annual%20Report%202012_FINAL_%2028%20March%202013_tcm30-37336.pdf, (page 9)

The survey results were used to calculate the total number of bed nights of overnight visitors which was 4.78 nights[35] for domestic visitors. The International Passenger Survey 2011 was used to derive an average number of bed nights of 8.33 for international visitors[36]. The total number of bed-nights is shown in Table 3.

Table 3 Total Number of Bed-nights

	Domestic	**International**
Number of Visitors	647,000	23,189
Length of Stay	4.78	8.33
Number of Bed-nights	3,092,752	193,168

Base: 564 (Unweighted)

Source: Miller Research (UK) Ltd.

5.2.2 Additional Spend

The average spend per person per day among activity tourists to Wales was estimated using the results of the online survey. An average spend of £31.71 on outdoor activities was calculated from an unweighted base of 1,019 respondents. This returned a confidence interval

34 See footnote 33.

35 Base: 564 (unweighted)

36 Source: ONS International Passenger Survey, trend data for Wales, available at [http://www.visitbritain.org/insightsandstatistics/inboundvisitorstatistics/regions/regiontrends.aspx] (Wales xls).

of +/-£4.03. The average spend on ‘other’ items i.e. food, souvenirs etc. (excluding accommodation) averaged at £33.61 (with a confidence interval +/-£3.08). The average spend on accommodation was the highest of the three types of spend derived from the survey at £40.22[37] (with a confidence interval of +/- £4.76). This information is shown in Table 4.

By comparison, the average spend of day visitors taken from the GBDVS 2012 stand at £33 per person whilst the GBTS 2012 claims an average spend per person of £42 per night.

The GBDVS and GBTS surveys were also used to derive an average spend figure for those visitors for whom the main purpose of their activity was ‘long walk, hike or ramble’. This is to overcome the potential for overestimating the expenditure of this type of visitor that might be present when applying the average expenditure calculated from this survey (which excluded casual walkers). In the GBTS, where per trip expenditure is collected, a two year average[38] of £43.74 has been calculated. Meanwhile, the two year average in expenditure per trip of day visitors is calculated as £32.79 using the GBDVS.

Table 4 Average spend per person of activity tourists to Wales

	Average Spend	Confidence	
		Lower	Upper
Activity Spend	£31.71	£27.68	£35.74
Other Spend	£33.61	£30.53	£36.69
Accommodation Spend	£40.22	£35.46	£44.98

Base: 1,019 (Unweighted)

Source: Miller Research (UK) Ltd.

5.2.3 Gross Benefits Summary

Total gross benefits were estimated by multiplying the total number of outdoor activity tourism visits by the average spend data. Day visitors’ spend included only spend on activities and ‘other things’ whereas visitors staying overnight also included spend on accommodation. Therefore, for the calculation of day visitor spend the total number of day visitors was used whereas for overnight visitors, the total number of bed-nights was used.

Table 5 Gross Benefit of Outdoor Activity Tourism in Wales
shows the gross benefit for the different type of visitors highlighting which category of average spend was included in the gross benefit calculation. It shows a gross benefit from outdoor

37 In the online survey the question relating to spend on accommodation was not worded to specifically imply spend per person. As a result there is potential for the figure obtained to overestimate actual spend if for example respondents quoted average spend figures that relate to more than one person. Nonetheless, the average spend figure compares well with average spend data taken from the GBTS 2012. The GBTS returns an average spend on accommodation of £42 compared with £40.22 derived from this survey. An alternative approach to adjusting the survey results was considered. That was to discount average spend by the average group size of all visitors to Wales. However, the average group size of outdoor tourists is unknown therefore the result would be an average accommodation spend figure with an unknown degree of either overestimate or underestimate of the true value. Therefore it was decided to use the survey results but acknowledge the potential for an unknown degree of overestimate in the figure because at least the direction of inaccuracy is known.

38 In order to lessen potential for survey bias in data.

activity tourism day visits in the region of £422m, more than double that of domestic overnight visitors (~£164m) and significantly more than the gross benefit from international overnight visitors (~£15m). Collectively, the total gross benefit of outdoor activity tourism in Wales is estimated at £601m, an average of £50.64 per visitor.

Table 5 Gross Benefit of Outdoor Activity Tourism in Wales

	Day Visitors	Overnight Visitors	
		Domestic	**International**
Number of Visitors			
All	11.2m	647.000	23,189
Excluding 'Long walkers'	1.4m	166,000	n/a
Number of Bed-Nights	n/a	2,495,521	193,168
Average Spend			
Activities	Yes (No[1])	Yes (No[1])	Yes (No[1])
Other Things	Yes	Yes	Yes
Accommodation	No	Yes	Yes
Gross Benefit			
All	£421.8m	£164.4m	£14.9m
Excluding 'Long walkers'	£93.3m	£63.8m	n/a
Total			
All	£601.2m		
Excluding 'Long walkers'	£172.1m		
Average			
All	£50.64		
Excluding 'Long walkers'	£106.43		

Source: Miller Research (UK) Ltd.

1: Activity spend not applied to 'long walkers' on the assumption that typically, walking is a free activity. Average spend relating to 'long walkers' was calculated using the GBDVS and the GBTS survey results of long walkers only.

Excluding the proportion of visitors who indicated that the main purpose of their visit was to take part in a long walk, hike or ramble significantly reduces the number of day visitors and overnight domestic visitors[39]. As a result, the associated spend of outdoor activity tourists (excluding 'long walkers') of day visitors is estimated at £93.3m and overnight domestic visitors at £63.8m.

[39] International visitors remain unchanged as there is insufficient data to carry out adjustments.

Collectively, the total estimated spend of outdoor activity tourism excluding long walkers in Wales stands at £172m.

Clearly, the inclusion (or exclusion) of long walkers into the definition of outdoor activity tourism has a significant impact on the magnitude of expenditure because of the high number of visitors taking part in this activity as the main purpose of their visit. As a result of this, long walkers are an important type of visitor in term of tourism expenditure. Nonetheless, per visitor spend of long walkers appears to be less than other outdoor activity tourists. The analysis shows that when long walkers are excluded from the calculation, the average spend is approximately £106, compared to £50 when they are included. This is thought to be largely because walking is typically a free activity whereas the other outdoor activity usually carry an activity cost (in addition to spend on other items and on accommodation).

The average spend per person by the nature of booking was calculated from the survey results. Shown in Table 6, average spends ranged from a little more than £80 to approximately £165 depending on the nature of the booking. Thus, the estimated average spend of visitors, based on the gross benefit calculated above lies towards the lower end of the average spend range. As previously eluded to, this was largely to be expected considering that the significant proportion of outdoor activity tourism visitors are day trippers who don't spend on accommodation i.e. their average spend will be lower.

The group averaging the lowest spend were those who independently arranged the trip and who used their own equipment. The largest spending group were those who booked through an outdoor activity provider based in Wales. Table 6 shows that the average spend on activities was more than double for those using a provider in Wales (£83.38) than for those undertaking activities as part of a group/club (£34.67), independently and renting equipment (£41.39) or with their own equipment (£24.19). Those independently arranging their trip and renting their own equipment were also more likely to spend more on 'other things' and accommodation compared with visitors arranging their trips through other methods. Nevertheless, as was previously noted, in total those visitors booking their visit through an activity provider based in Wales spent more on average, largely because of the significantly higher spend on activities compared with other methods of booking trips.

Table 6 Average spend per person according to nature of booking[40]

Nature of booking	Average spend			
	Activity	Other stuff	Accommodation	Total
Commercial provider outside Wales	-	-	-	-
Independently arranged (own equipment)	£24.19	£31.18	£25.11	£80.48
Independently arranged (rented equipment)	£41.39	£58.06	£42.73	£142.18
Outdoor activity provider based in Wales	£83.38	£42.38	£39.92	£165.68

[40] A table showing confidence intervals can be found in the appendix.

Part of group/club	£34.67	£35.83	£19.00	£89.50

Base: 1,019 (Unweighted) Source: Miller Research (UK) Ltd.'-' Denotes where a sample is too small to display.

5.2.4 Net Benefits

As recommended in the HM Treasury's Green Book, the net benefit has been calculated by establishing the gross benefit less the benefits that would have occurred in the absence of intervention (the 'deadweight') less the negative impacts elsewhere (including the 'displacement' of activity), plus the multiplier effect. The various assumptions used to derive these effects are explained below.

Deadweight and Displacement

HM Treasury guidance recommends that all **expenditure by visitors** who live locally should be disregarded as 'displaced expenditure'. This is based on the assumption that these local residents only earn a finite amount of money each year. Therefore, if they spend a proportion of this money during their visit to undertake outdoor activities, they will have less money to spend in other local businesses over the course of the year. This economic impact assessment considers the impact on the Welsh economy thus as guided by the HM treasury, all spend of visitors who live in Wales should be discounted[41].

To account for the spend of day visitors who live locally (within Wales) data from the GBDVS was used. This suggested that 67% of day visitors come from Wales. Equivalent data for overnight visitors was not available and therefore the survey data was used to provide an estimate. This suggested that 9% of outdoor activity tourists who stayed overnight live elsewhere in Wales. No adjustment was necessary for international visitors as they live outside Wales.

The displacement effect on the **creation of employment** is largely unknown. It is however known that the tourism sector suffers from a high staff turnover rate which suggests that if new jobs are created there is a high chance that jobs will be displaced from other tourism sector jobs. Conversely, it is known that a high proportion of jobs in the tourism sector are low skilled, thus there is high chance that new jobs will be filled by previously unemployed people. Given the uncertainty regarding the impact of these effects for the purpose of this study, a conservative 50% displacement effect has been assumed. That is, half of the gross jobs created will be taken up by unemployed people, the other half will be displaced from employment elsewhere in Wales.

As defined by the HM Treasury, **deadweight** refers to outcomes which would have occurred without intervention. In other words, deadweight of the outdoor activity tourism market would be

41 A counter argument could be made that the outdoor tourism offer in Wales retains spending that would otherwise be realised outside Wales and thus some of the displacement retained. This may particularly be the case for avid outdoor activity tourists for whom taking part in an outdoor activity is hugely important. This group may well be sufficiently motivated to travel outside Wales to participate in their chosen activity. Conversely, however, there will be outdoor tourists from Wales who are only taking part because it is conveniently located. The extent to which each of these cases is true (or not) is entirely unknown therefore, the most cautious approach - to simply disregard all spend from those who live in Wales, was adopted.

those visitors who would have visited Wales anyway, despite taking part in an outdoor activity. To account for this deadweight, this assessment considers *only* visitors to Wales for whom the main purpose of their visit was to take part in an activity that fell within the definition of outdoor activity tourism used for this study. Thus, the assumption that the people who came to Wales for the primary purpose of participating in outdoor activity would not otherwise have visited Wales, is made. As previously discussed, existing data sources were used to calculate the proportion of all visitors for whom the main purpose of their visit was to participate in an outdoor activity (see Section 5.2.1). This was possible for both domestic and day visitors using the GBTS and GBDVS respectively. The reference source for international visitors - the IPS, does not however differentiate between the main purpose of a visit and whether a visitor took part in an activity whilst on their visit therefore an additional adjustment was necessary. To account for this deadweight, the best approximation given the available data was thought to be that only those visitors whose main purpose was for pleasure / leisure would be considered. By taking these steps for all types of visitors it is argued that the deadweight adjustment was taken into consideration by considering only those visitors for whom the main purpose of their visit was to take part in an outdoor activity.[42]

Defining the Multipliers

Type 1

The Input-Output model uses industry wide data and as such provides an estimation of the interaction between buyers and sellers. However, the tourism industry transcends several traditional standard industry classifications (SICs) and as such there is no existing multiplier for the industry from national accounts. To overcome this, Tourism Satellite Accounts (TSA) provides a means by which the economic aspects of tourism can be drawn out of existing data and analysed separately. However, the breakdown of industry's in the Wales TSA does not isolate outdoor activity tourism from wider tourism, thus for the purpose of this assessment, a tailored approach to deriving multipliers was adopted. This comprised a survey of outdoor tourism providers to understand the destination of their spend by standard industries so that comparison with existing multipliers could be made. Thus, with a better understanding of the spend profile of the outdoor activity proportion of the tourism industry it is possible to gain a better understanding of the interaction along the supply chain and thus more accurately model the direct and indirect effect of an increase in output – i.e. the Type 1 effect than is possible from existing information.

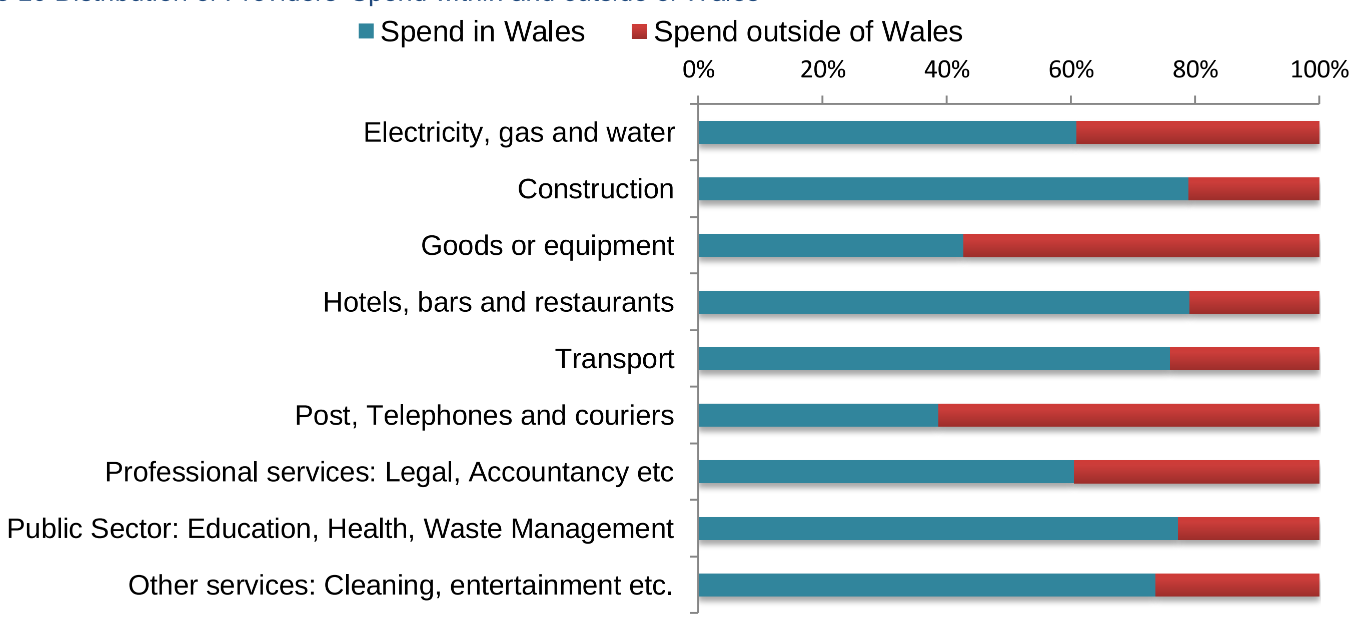
Generating a better understanding of a specific element of an industry is particularly important where it is thought that a high proportion of supplier spend occurs in the local / regional

42 The alternative approach of considering all visitors who took part in outdoor activity (i.e. not only their main activity) and then adjusting by a deadweight value derived from the online survey was considered, but ultimately it was felt that this was less accurate than the adopted approach. This is because we can be more confident that spend of those people whose main reason for visiting Wales was to take part in an outdoor tourism activity is related to the outdoor tourism offer (thus would not have occurred in the absence of said activity) than we can be of spend occurring from those who only took part in an outdoor activity whilst already in Wales (there is potential for a high level of overestimate with the latter approach because the number of people incidentally taking part in outdoor activity is high and the figure used for adjustment is taken from a survey of activity tourists among which there may be a bias towards avid activity tourists than there would be from a survey of all tourists to Wales. For example if you surveyed all tourists, the proportion who would have come to Wales anyway – i.e. despite the outdoor tourism offer, would be greater than the proportion derived from a survey of only outdoor activity tourists).

economy. For such industries, a greater proportion of the direct effect will be felt in the local / regional economy.

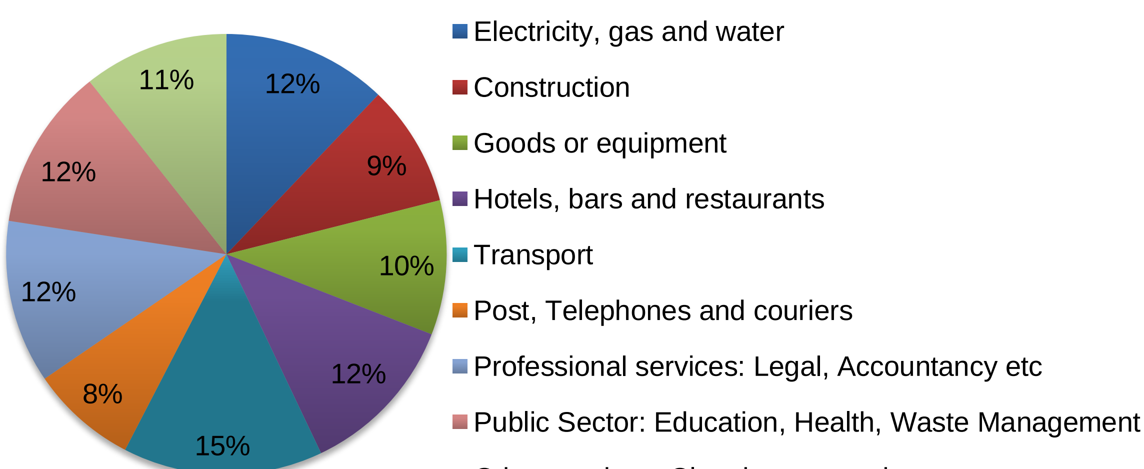
To collate the spend profile of outdoor activity tourism providers our survey asked participant businesses to identify the destination of their spend (in proportions of total spend) by standard industry classification. The results, detailed in Figure 10 suggest the distribution of providers spend on goods and services within and outside of Wales. The data indicates that, whilst the majority of expenditure on construction; hotels, bars and restaurants; transport; and the public sector is based in Wales, over half of spend on goods and equipment; post, telephones and couriers is leaked outside of Wales.

Figure 10 Distribution of Providers' Spend within and outside of Wales



Base: 44 (unweighted)
Source: Miller Research (UK) Ltd.

Figure 11 Distribution of providers' spend on goods and services in Wales



Base: 44 (unweighted)
Source: Miller Research

Of the spend retained within Wales, Figure 11 shows a relatively even distribution between sectors. The greatest proportion of spend is on transport (15%) and the least (8%) on post, telephones and couriers. To derive multipliers from this data, the existing multipliers from Wales' input-outputs tables were used as the starting point from which a weighted distribution, based on the spend profile derived from the primary research was applied. Thus, the profile of outdoor activity provider spend (Figure 12) was used to adjust the existing multipliers. i.e. the existing multipliers were modified to take into account where (i.e. what industry) activity tourism provides said they bought their supplies from. Subsequently, an average multiplier was generated so that outdoor activity tourism multipliers were generated. In the absence of data regarding employment multipliers for the outdoor activity tourism sector, an average of existing multipliers was used as a proxy. The outcome of this procedure is shown in Table 7.

Table 7 Outdoor Activity Tourism Industry Type 1 and Type 2 Multipliers

Output		**Employment**	
Type 1	**Type 2**	**Type 1**	**Type 2**
1.41	1.59	1.31	1.43

Source: Miller Research (UK) Ltd.

Optimism bias

The HM Treasury 'Green Book' guidance recommends that all forecasts should incorporate an adjustment for optimism bias. This is defined as "the demonstrated systematic tendency for appraisers to be over-optimistic about key project parameters". The basis of this analysis is derived from individuals estimates of their spend whilst taking part in outdoor activities and in the wider tourism industry, as well as businesses estimates of their spend on suppliers. There is therefore potential for some degree of optimism bias in these figures. Therefore, taking into account potential bias in forecast figures, we have incorporated the HM Treasury recommended 5% optimism bias adjustment for caution.

5.2.5 Total Net Economic Impact

Economic Impact – Key Facts

- £481m total contribution to economic activity (all outdoor activity tourism)
  - £236m from domestic overnight visitors
  - £220m from day trippers
  - £24m from international overnight visitors
- £165m total contribution of outdoor activity tourism excluding long walkers
- £304m in value added activity: 10% contribution to the Welsh tourism economy
- 8,243 FTE jobs supported
  - 5,783 from day trippers
  - 2,254 from domestic overnight visitors
  - 206 from international overnight visitors

The total estimated annual[43] contribution of outdoor activity tourism to the economy of Wales[44] is £481m[45] (Table 9). This includes a total net impact of £236m from domestic overnight visitors to Wales, £220m from outdoor activity day trippers, and £24m from international overnight visitors. Comparatively, the total economic contribution of the Welsh Tourism Economy[46] stands at £8.7bn which suggests that outdoor activity tourism contributes 6% or 1 pound in every 16.67 generated in the tourism economy of Wales.

43 Data was taken from existing sources which was obtained across different time periods. As such, data was used to illustrate a 'typical' annual period.

44 Please note: only economic value was considered in this study (see Section 2.1 for aims and objectives of study). It is acknowledged that there will be both economic and environmental costs as a result of the observed activities however study of these costs are beyond the scope of this research.

45 This comprises direct, indirect and induced impacts.

46 http://www.visitbritain.org/Images/Final%20proof%2015%20Nov_tcm29-39296.pdf (Page 15)

Excluding long walkers from the definition of outdoor activity tourism reduces the total economic contribution to £165m, however, per person, this group has a far higher average spend than walkers alone[47], suggesting they are higher value tourists.

Total expenditure in Wales' outdoor activity tourism economy was estimated at £601m (£172m excluding walkers). This is thought to result in a £303m contribution to value added activity (£104m excluding walkers), which accounts for 10% of the total Welsh tourism economy's GDP (Table 8). The direct contribution of £429m, which considers the initial increase in economic activity as a result of additional spend, accounts for 6.2% of the welsh tourism economy.

The additional spend generated by outdoor activity tourists in Wales annually, is estimated as being able to support approximately 8,243 full time equivalent jobs in the Welsh labour market (Table 9). The majority of these jobs are supported by the additional spend from day trippers. Comparatively, this accounts for 3% of all employment in the Welsh tourism economy.

Expenditure in the tourism sector is defined by the Welsh Government at around £4.9bn[48] (2012) whereas Visit Britain's Tourism: Jobs and Growth publication[49] places the figure at around £6bn. Thus, the expenditure in the Welsh outdoor activity tourism economy accounts for 12% or 10% compared with total tourism expenditure for the two differing sources respectively. The outdoor activity tourism sector in Wales is thought to contribute 1.02% of Wales' GDP[50].

Considering that our estimates of the proportion of tourists to Wales that would be considered as 'activity tourists' was 3% for international visitors, 11% for day trippers and 7% for domestic visitors, these results suggest that activity tourism is a relatively high value tourist activity.

Table 8 Relative Importance of the Outdoor Activity Tourism Sector in Wales

	Welsh Tourism Economy[1]	Welsh Government Statistics[2]	Welsh Outdoor Activity Tourism[3]	Proportion of Outdoor Activity Tourism of Welsh Economy
Expenditure	£6bn	£4,934m	£601m	10% / 12%
Overnight Spend	-	£1.588bn	£164m	10%
Day visitors	-	£3bn	£422m	14%
International spend	-	£346m	£15m	4%
Added Value	£3,1bn	-	£304m	10%
Direct (Industry) Contribution	£6,9bn	-	£429m	6%
Total Economic Contribution	£8,7bn	-	£481m	6%
Number of FTEs supported	242,000	-	8,243	3%
Wales GDP			£47.344bn	1.02%

Sources:

[1] http://www.visitbritain.org/Images/Final%20proof%2015%20Nov_tcm29-39296.pdf,

47 See discussion on Gross Benefits.

48 http://wales.gov.uk/topics/tourism/researchmain/latest-stats/?lang=en

49 http://www.visitbritain.org/Images/Final%20proof%2015%20Nov_tcm29-39296.pdf

50 Wales GDP as of 2012 taken from ONS.

[2] *http://wales.gov.uk/topics/tourism/researchmain/latest-stats/?lang=en*

[3] *Miller Research (UK)Ltd.*

(-) denotes no data available.

Table 9 Net Economic Impact[51]

	Day Visitors	Overnighters		Totals
		Domestic	International	
Total Expenditure	£422m	£164m	£15m	£601m
Additional Expenditure	£139m	£149m	£15m	£304m*
Direct Impact				
Output (£)	£197m	£211m	£21m	£429m
Employment (FTEs)	5,298	2,065	188	7,551
Total Net Economic Impact				
Output (£)	£221m	£237m	£24m	£481m*
Employment (FTEs)	5,783	2,254	206	8,243

Source: Miller Research (UK) Ltd.

**Differences in totals due to rounding.*

Regional Distribution of Impacts

As there is no existing data available on the proportion of outdoor tourists visiting each region, the proportions within the survey sample were used to extrapolate regional impact from the total economic impact of activity tourists spending in Wales. Further, because data regarding business spend focussed on the Welsh economy as a whole it was not possible to identify regions within Wales where spend occurred.

Visitor data indicated that average spend per day trip visitor was higher on average for those visiting North and South West Wales than for South East and Mid Wales[52]. Differences were also evident in overnight visitor spend. Therefore it was important to take this into account when apportioning the total Wales spend to each of the four regions.

51 Full tables can be found in the appendix at Table 15 & Table 16.

52 Spend data by region was collected from the visitor survey where respondents were asked to indicate in which region of Wales they visited. The regions offered were North Wales, Mid Wales, South East Wales and South West Wales. No definition of the regions was offered on the survey thus personal judgement regarding the region in which the activity undertaken was located, was required of respondents.

Regional impact was therefore estimated by using both the proportion of outdoor activity tourists visiting each region as well as the difference in spending between the regions adjusting for the proportion of day trip and overnight tourists within the sample visiting each region.

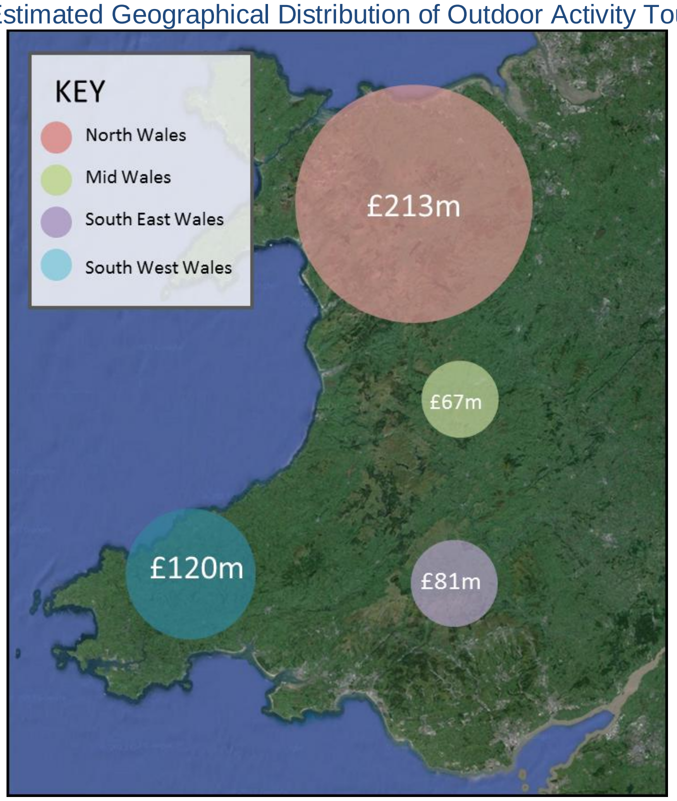
Table 10 shows the process of estimating regional spend as described above. Of note, because the data from the survey carried out did not include international visitors the assumption was made that profile of regional distribution used for overnight visitors also applied to international visitors.

The region with the highest proportion of both day and overnight visitors was North Wales, making up more than double each of the three other regions. That is, 51% of overnight trips within the sample were to North Wales with the second highest being South West Wales, making up 22% of overnight trips.

North and South West Wales benefit from higher average day visitor spend than the other regions. Interestingly however, the average spend of overnight visitors was highest in Mid Wales at £133.82 on average per night, compared to £106.09 spent on average in North Wales.

Using the approach described above, Figure 13 shows the geographic distribution of outdoor activity tourists' economic impact. The data suggests that outdoor activity tourism contributes in the region of £302 million to North Wales, as much as the South East and South West combined. Mid Wales is estimated to receive the lowest share of overall impact, within the region of £91million.

Figure 12 Estimated Geographical Distribution of Outdoor Activity Tourist Economic Impact



Base:1018 (unweighted)
Source: Miller Research (UK) Ltd., Map: Google Maps

Table 10 Estimating Regional Spend for Day Visitors and Domestic Overnight Visitors

	Overnight					Day				
Region	**Proportion of sample visiting region**	**Average total spend**	**Adjusted proportions**	**Impact of domestic visitors**	**Impact of international visitors**	**Proportion of sample visiting region**	**Average total spend**	**Adjusted proportions**	**Impact per region**	**Total**
North Wales	51.0%	£106.09	47.8%	£113,338,269	£11,373,427	34.2%	£49.05	40.1%	£88,494,109	**£213,205,805**
Mid Wales	16.2%	£133.82	18.8%	£44,491,904	£4,464,736	13.0%	£32.25	8.4%	£18,466,692	**£67,423,332**
South East	11.3%	£122.20	11.4%	£27,007,865	£2,710,223	29.0%	£30.47	23.2%	£51,235,362	**£80,953,450**
South West	21.6%	£122.07	22.0%	£52,073,059	£5,225,500	23.8%	£46.70	28.3%	£62,452,221	**£119,750,780**
Wales Total				**£236,911,097**	**£23,773,886**				**£220,648,384**	**£481,333,367**

Base: Overnight 612 (unweighted). Day visitors 407 (unweighted)
Source: Miller Research (UK) Ltd.

It is also of relevance to note that, of those staying overnight, tourists visiting the South West and Mid Wales stayed a greater length of time (six and five days on average respectively). This compares to four days on average in North and South East Wales. The regional breakdown was unable to account for this due to the small sample size for each region however adjusting for this would have increased the estimated impact in South West and Mid Wales and very marginally decreased the impact in North Wales and the South East.

6 Conclusions

It is evident that both individuals who have participated in outdoor activities in Wales and those providing outdoor activities consider Wales to be a good destination for a variety of outdoor activities and abilities. In addition to the environment, outdoor activity facilities and wider tourist services are key strengths of the sector in Wales. Recently, good performance from outdoor activity providers has been attributed to growth in the domestic and outdoor tourism markets as well as individual business expansion. Meanwhile the majority of businesses remain optimistic about not only their own profitability and future business performance but also Wales' reputation for outdoor activities.

The number of outdoor activity tourists and profitability of the sector are however highly influenced by changes in the national economic climate and trends in domestic tourism also frequently fluctuate with the weather. Besides these factors, individual business expansion is thought to be constrained by increasing numbers of competing providers as well as some providers suggesting that the capacity of the environment to support further activities is limiting future growth[53]. Providers are dissatisfied with current national marketing of the sector and a lack of qualified and suitable staff is blamed on a lack of entry point into the sector.

The majority of visitors express an intention to return to Wales for activities however certain groups are discouraged from undertaking activities such as kayaking in Wales due to confusion and dispute over access to land and water. Access is therefore a key issue to be tackled in order to encourage further success of the sector in Wales.

The economic impact of the outdoor activity tourism industry in Wales accounts for a sizeable proportion of the Welsh tourism economy's output and supports a significant number of jobs in the Welsh labour market. As such, the outdoor activity tourism market is very important for the Welsh economy. Further, when considering the comments of the qualitative research which suggest that Wales' strengths as a visitor destination lie in its natural environment and the resultant potential for engaging in outdoor activities using the high quality of providers, it is clear that outdoor activity tourism is currently an important sector for the Welsh economy and will continue to grow in importance as the outdoor activity sector grows.

53 It should be noted that the issue of environmental capacity is not addressed in this study as it falls outside the scope of research. Although this research highlights the sentiments of those providers who engaged with the research as expressed here, it should be noted that a counter argument exists from elsewhere. The suggestion is that it is felt (amongst others in the sector) that the gorge walking problems are dominating this issue. It is also noted that there is no evidence that the environment of Wales is being degraded by outdoor activities outside of a small number of very specific 'honey pot' venues. Further, it is stressed that the majority of these affected sites are being actively managed in partnerships between statutory bodies, landowners and other outdoor sector stakeholders. The suggestion is that further research will be necessary to shed further light on this issue.

7 Recommendations

As one of the first economic impact studies of its kind to be undertaken in Wales, it is important to consider how the research should inform future impact assessments. Based on the experiences of conducting this assessment, the following recommendations to improve data collection and the ease of completing further studies are suggested:

Clearly Define Sector

It is important to clearly define the sector of interest, particularly if repeat studies are to be undertaken so that longitudinal data sources can be established and so that comparisons with other data sets can be established If a widely agreed definition of the sector can be established, then comparisons with and use of national data will become more readily available. Further, if an industry recognised outdoor activity sector definition can be established then it could be possible for existing surveys to include it so that data relating to the sector can be extracted. This would be particularly useful if for example the GBTS could include asking respondents questions relating to the activities falling within the agreed definition. This would provide currently missing data regarding the number of outdoor activity tourists to Wales. This approach would be a relatively cheap, cost effective way of understanding more about the sector.

Repeat Business Survey

This study revealed that an online survey approach to collecting detailed information regarding business spend was not the most effective at generating high levels of response. It was evident that the level of information being asked for, via an online survey was too time consuming for some businesses to fill in. Further, it was noted that the timing of the business survey – i.e. during the peak tourism season prevented some businesses from being able to complete the survey (see recommendation below). Thus it is suggested that an additional business survey is undertaken to fully understand the profile of spend. It is suggested that this survey adopts a methodology and timing that will maximise response rates. For example, a face to face survey although time consuming may result in more effective data. This approach could target a smaller number of businesses through in-depth studies ensuring a representative range of the sector is included. In addition, if an additional survey is undertaken it is recommended that it also aims to understand the regional distribution of spend across Wales, rather than at the Wales level as a whole, if it is thought that understanding the regional impact will be of further value.

Repeat the established model

As alluded to previously, there is potential to repeat this study's data collection in order to undertake longitudinal research. A model for measuring the impact has been created as a result of this information which could be easily updated as new data emerges. For example, if repeated annually, the data could provide a good indication of the performance of the sector and the impact of any strategies put in place to increase visitor numbers or spend. A cost effective approach to updating the data to inform the model could be generated by adding questions relating to the agreed definition of the outdoor sector in existing surveys.

Promote industry buy-in

The results of this study have highlighted the importance of the outdoor activity sector through evidenced based data. By sharing this data with the sector, and highlighting how such data can influence policy and could in the long-run raise awareness of and increase the performance of the industry, future buy-in could be achieved which will strengthen the evidence base. That is, the more businesses in the sector that participate in the research, the more accurate and influential the results will be.

Survey timing

At the inception stage it was suggested that collecting data from activity providers during the summer months may be difficult due to their likely limited spare time during what is typically their busiest season. Responses to the business survey did prove difficult to obtain initially and the majority of responses were only received from October when followed up with phone calls.

In order to improve the potential for an efficient and high response rate from businesses, any subsequent surveys could be undertaken later in the year and perhaps in winter in order to maximise the likelihood of providers responding.

The survey could also be timed to coincide with national or regional meetings of Regional WATO representatives. The presentation of this study's results at a regional meeting led to intense discussion and caused many providers to question their failure to participate. A similar event could therefore be a good opportunity to launch subsequent surveys of providers.

8 Appendices

Table 11 List of organisations contacted to promote the survey.

Snowdonia Active	Night of Adventure
South Wales Outdoor Activity Providers Group	North Wales Tourism Partnership
Pembrokeshire Outdoor Charter Group	Tourism Partnership Mid Wales
Mountain Biking Wales	Tourism Partnership South West Wales
Canoe Wales	Wales Cycle Tours
Welsh Tourism Alliance	Black Mountain Activities
Adventure Wales	Explore Mid Wales
Wales Outdoors	Mid Wales (Facebook)
British Canoe Union	Go Ape
British Caving Association	Magic Seaweed
British Hangliding and Paragliding Club	Ultimate Activity Company
British Mountaineering Council	Black Mountain Activities
Surfing Great Britain	Absolute Adventure
Institute for Outdoor Learning	Capital Adventure Wales
Surfers against Sewerage	Experience Days
North West Wales Outdoor Recreation Partnership	Talgarth Information
Rhos on Sea Cycling Club	Red Letter Days
Snowdonia Society	UK Campsite
Preseli Venture	Yumping
Cotswolds Outdoor	Canoe & Kayak UK magazine
Blacks	UKC
Mountain Warehouse	YHA
British Activity Providers' Association	Song of the paddle
Gwent Mountaineering Club	Tourism Swansea Bay
North Wales Gliding Club	Wild Walks Wales
VisitBritain	@LovetheValleys
Discover Snowdonia	Green Snowdonia
Brecon Beacons National Park	Caerphilly Castle
Snowdonia National Park	VisitBritainBiz
Pembrokeshire National Park	Tourism Swansea Bay
Explorers Connect	Wales Tourism Alliance
	Institute of Outdoor Learning

Table 12 Number and Proportion of Outdoor Activity Visitors by Type

	Day Visitors[1]	**Domestic Visitors[2]**	**International Visitors[3]**
Activity	**Base: All trips (000's)**	**Base: All trips (000's)**	**Base: All trips (000's)**
Unweighted Base	2684	1114	-
Weighted Base	101.405	9.243	-
Long walk, hike or ramble (minimum of 2 miles\ 1 hour)	9.775	0.481	-
Organised adventure sports (whitewater rafting\sphering\canyoning\gorge walking)	0.179	0.029	-
Sailing\yachting	0.03	0.006	-
Other watersports - non-motorised (canoeing, kayaking, windsurfing, surfing, body boarding)	0.275	0.069	-
Running, jogging, orienteering	0.351	0.007	-
Mountainbiking	0.593	0.055	-
Took part in sports activity*	-	-	707
Total Trips (all)	11.203	0.647	-
Percentage (all)	11%	7%	3%
Total Trips (excluding 'long walkers')	1.428	0.166	-
Percentage (excluding 'long walkers')	1.4%	1.8%	-

Sources: [1] Great Britain Day Visitor Survey 20122, [2] Great Britain Tourism Survey 2012, [3] International Passenger Survey 2011.

Notes:

- Denotes no data is available for that item.

** The IPS category 'took part in sports activity' was used as a proxy for outdoor activity tourists.*

Table 13 Average spend per person according to nature of outdoor activity

Nature of Booking	AVERAGE SPEND Activity	+/-	Other	+/-	Accommodation	+/-
Commercial provider outside Wales	-	-	-	-	-	-
Independently arranged (own equipment)	£24.19	£4.40	£31.18	£3.72	£25.11	£5.11
Independently arranged (rented equipment)	£41.39	£23.06	£58.06	£42.44	£42.73	£39.39
Outdoor activity provider based in Wales	£83.38	£24.03	£42.38	£16.04	£39.92	£17.85
Part of group/club	£34.67	£13.79	£35.83	£11.98	£19.00	£9.93

Base: 1,019 (Unweighted)
'-' Denotes where a sample is too small

Source: Miller Research (UK) Ltd.

Table 14 Deriving Outdoor Activity Tourism Type 1 and Type 2 Multipliers

			Wales Multipliers		Outdoor Activity Tourism Multipliers	
			Output		Output	
SIC	Proportion of Spend	Weighting	Type 1	Type 2	Type 1	Type 2
Electricity, gas and water	12%	0.01	2.07	2.14	0.25	2.16
Construction	9%	-0.022	1.46	1.62	0.13	1.58
Goods or equipment	10%	-0.012	1.3	1.5	0.13	1.48
Hotels, bars and restaurants	12%	0.009	1.32	1.54	0.16	1.55
Transport	15%	0.036	1.33	1.53	0.20	1.58
Post, Telephones and couriers	8%	-0.033	1.23	1.42	0.10	1.37
Professional services: Legal, Accountancy etc	12%	0.009	1.23	1.37	0.15	1.38
Public Sector: Education, Health, Waste Management	12%	0.008	1.41	1.63	0.17	1.64
Other services: Cleaning, entertainment etc.	11%	-0.005	1.3	1.51	0.14	1.50
					1.41	1.59

Source: Miller Research (UK) Ltd.

Table 15 Economic Impact of Outdoor Activity Tourists

Day Visitors	Mean	Lower	Upper
Number of day visits (trips)	11,203,000		
Walkers Only	9,775,000		
Average Spend on other stuff	£33.61	£30.53	£36.69
Total Spend on other stuff	**£328,535,833**	£298,450,281	£358,621,386
Displacement : Less proportion of visitors who live in Wales	67%	67%	67%
Additional spend	£108,416,825	£98,488,593	£118,345,057
Type 1 Multiplier : 1.41	£153,256,564	£139,222,149	£167,290,980
Type 2 Multiplier: 1.59	**£171,873,205**	£156,133,977	£187,612,433
ALL (excluding walkers)	1,428,000		
Average Spend on Activities	£31.71	£27.68	£35.74
Total Spend on Activities	£45,281,193.33	£39,530,739.86	£51,031,646.80
Average Spend on other stuff	£33.61	£30.53	£36.69
Total Spend on other stuff	£47,994,800	£43,599,693	£52,389,907
Total Spend All (excl walkers)	**£93,275,993**	£83,130,433	£103,421,554
Displacement : Less proportion of visitors who live in Wales	67%	67%	67%
Additional spend	£30,781,078	£27,433,043	£34,129,113
Type 1 Multiplier : 1.41	£43,511,717	£38,778,980	£48,244,454
Type 2 Multiplier: 1.59	**£48,797,246**	£43,489,606	£54,104,886
Total Day Visitor Spend	**£421,811,827**	£381,580,714	£462,042,939
Displacement : Less proportion of visitors who live in Wales	67%	67%	67%
	£139,197,903	£125,921,636	£152,474,170
Type 1 Multiplier : 1.41	£196,768,281	£178,001,129	£215,535,434
Type 2 Multiplier: 1.59	**£220,670,451**	£199,623,583	£241,717,319

Overnight Visitors	Mean	Lower	Upper
Domestic			
Number of Visitors	647,000		
Walkers Only	481,000		
Length of Stay	4.78		
Number of bednights	2,299,248		
Average spend of walkers per night	£43.74	£43.74	£43.74
Total spend from domestic overnight walkers	**£100,569,117**	**£100,569,117**	**£100,569,117**
Displacement : Less proportion of visitors who live in Wales	9%	9%	9%
Additional spend	£91,410,459	£91,410,459	£91,410,459
Type 1 Multiplier : 1.41	£129,216,594	£129,216,594	£129,216,594
Type 2 Multiplier: 1.59	**£144,913,010**	£144,913,010	£144,913,010
All (excluding walkers)	166,000		
Average Spend on Activities	£31.71	£27.68	£35.74
Total Spend on Activities	£5,263,780.18	£4,595,310.10	£5,932,250.26
Length of Stay	4.78		
Number of bednights	793,504		
Average spend on accommodation	£40.22	£35.46	£44.98
Total spend on accommodation	£31,913,068	£28,137,336	£35,688,800
Average spend on other stuff	£33.61	£30.53	£36.69
Total spend on other stuff	£26,669,499	£24,227,249	£29,111,748
Total spend from domestic visitors (excluding Walkers)	**£63,846,347**	£56,959,895	£70,732,799
Displacement : Less proportion of visitors who live in Wales	9%	9%	9%
Additional spend	£58,031,969	£51,772,654	£64,291,283
Type 1 Multiplier : 1.41	£82,033,210	£73,185,127	£90,881,292
Type 2 Multiplier: 1.59	**£91,998,086**	£82,075,194	£101,920,978
Total Overnight Visitor Spend	**£164,415,464**	**£157,529,012**	**£171,301,916**
Displacement : Less proportion of visitors who live in Wales	9%	9%	9%
	£149,442,427	£143,183,113	£155,701,742
Type 1 Multiplier : 1.41	£211,249,803	£202,401,721	£220,097,886
Type 2 Multiplier: 1.59	**£236,911,097**	£226,988,205	£246,833,989

International	Mean	Lower	Upper
Number of Visitors	23,189		
Average Spend on Activities	£31.71	£27.68	£35.74
Total Spend on Activities	£735,324.72	£641,942.67	£828,706.77
Length of Stay	8.33		
Number of bednights	193,168		
Average spend on accommodation	£40.22	£35.46	£44.98
Total spend on accommodation	£7,768,805	£6,849,654	£8,687,956
Average spend on other stuff	£34	£31	£37
Total spend on other stuff	£6,492,329	£5,897,796	£7,086,861
Total spend from international visitors	**£14,996,458**	£13,389,392	£16,603,524
Type 1 Multiplier : 1.41	£21,198,791	£18,927,065	£23,470,517
Type 2 Multiplier: 1.59	**£23,773,886**	£21,226,205	£26,321,568

Totals	Mean	Lower	Upper
Walkers			
Total Expenditure	£429,104,951	£399,019,398	£459,190,503
Additional Expenditure (added value)	£157,122,340	£140,090,328	£174,154,352
Direct Contribution	**£282,473,158**	£268,438,742	£296,507,573
Indirect & Induced	**£316,786,215**	£301,046,987	£332,525,443
Excluding Walkers			
Total Expenditure	£172,118,798	£153,479,720	£190,757,876
Additional Expenditure (added value)	£103,809,504	£92,595,089	£115,023,919
Direct Contribution	**£146,743,718**	£130,891,172	£162,596,264
Indirect & Induced	**£164,569,219**	£146,791,006	£182,347,432
All			
Total Expenditure	£601,223,749	£552,499,119	£649,948,379
Additional Expenditure (added value)	£106,406,917	£282,494,141	£324,779,435
Direct Contribution	**£429,216,876**	£399,329,914	£459,103,837
Indirect & Induced	**£481,355,434**	£447,837,993	£514,872,875

Source: Miller Research (UK) Ltd.

Table 16 FTE Employment Supported by Outdoor Activity Tourism

DAY VISITORS	
Direct investment (annual income generated)	£725,697,679
Turnover per FTE	£52,150
Number of FTEs supported	13,916
Displacement	
Proportion of jobs from elsewhere in Wales	50%
Gross number of FTEs	6,958
Multipliers	
Type 1	1.31
Type 2	1.43
Direct	9,115
Indirect	9,950
OVERNIGHT DOMESTIC VISITORS	
Direct investment (annual income generated)	£200,792,915
Turnover per FTE	£52,150
Number of FTEs supported	3,850
Displacement	
Proportion of jobs from elsewhere in Wales	50%
Gross number of FTEs	1,925
Multipliers	
Type 1	1.31
Type 2	1.43
Direct	2,522
Indirect	2,753
INTERNATIONAL VISITORS	
Direct investment (annual income generated)	£14,996,458
Turnover per FTE	£52,150
Number of FTEs supported	288
Displacement	
Proportion of jobs from elsewhere in Wales	50%
Gross number of FTEs	144
Multipliers	
Type 1	1.31
Type 2	1.43
Direct	188
Indirect	206
TOTALS	
DIRECT	**11,825**
INDIRECT	**12,908**

Source: Miller Research (UK) Ltd.