



Business Improvement Districts and the Visitor Economy

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How important are visitors and tourists to your BID? How can you develop your BID strategies to maximise the contribution the visitors make to your local economy? This report presents the initial findings of a new research project that aims to provide guidance for BID managers on how to engage with their local visitor economy.

Introduction

Tourism is one of the largest components of the global economy and has been one of the only reliable drivers of economic growth and job creation in the United Kingdom since the start of the global economic crisis.

17% of all jobs created in the UK between 2010 and 2014 came from the hospitality industry alone¹, and total tourism employment is responsible for nearly one in ten of all jobs in the UK². Tourism currently contributes £126.9bn to GDP and has a significant economic impact in all of the UK's nations and regions³. Despite these impressive statistics, it is common to hear tourism described as insignificant by policymakers and businesses alike, and many BIDs undervalue the contribution that can be made by visitors of all kinds to thriving local economies.

This is perhaps unsurprising given the complications involved in defining exactly what it is that is being talked about in statistics like these. Are all visitors tourists? Do these impacts depend on overnight stays? What about people who visit for a few hours and then return home? Add to this the confusion about the different roles of local authorities, BIDs, Destination Management Organisations (DMOs) and Local Enterprise Partnerships (LEPs) in researching, attracting and welcoming visitors, and it is not surprising that many BIDs seem to be missing the opportunities offered by a growing visitor economy in the UK.

We began this joint study between the Association of Town and City Management and the Economic Development Resource Centre at the University of Greenwich with the aim of investigating these issues. We know that some BIDs and BID Managers instinctively understand the visitor economy but equally, many BIDs and levy payers see visitors as somebody else's responsibility. The following sections of this initial report unpack some of these ideas and present the findings of our research so far.

What is the visitor economy?



The term ‘visitor economy’ has become very widespread in the UK, despite there being no clear definition of the term⁴. Rather than thinking about ‘just’ tourism, the idea of the visitor economy helps us to think about people moving in and out of BIDs, for a range of reasons.

Victor Middleton splits visitors into three categories:

- **Tourists**
Who are visitors staying away from home for one or more nights, who can be domestic or international;
- **Same Day visitors**
Who are spending at least three hours away from home outside their usual environment for general leisure, recreational and social purposes. Many of these will live in the same region as the BID area;
- **Leisure day visitors**
Who are spending less than three hours away from home but outside their usual environment, for general leisure, recreational or social purposes. As with day visitors, many of these will live in the same region as the BID area.

The visitor economy describes all of the goods and services that meet the needs of these three groups of visitors. Of course, in terms of individual spending, it is the highly sought-after tourists who stay overnight in your area who spend the highest amount of money, but in terms of volume, the many other kinds of visitors to a BID area are a valuable source of new spending and vital carriers of word-of-mouth marketing about your destination.

New opportunities for BIDs in the visitor economy

The Local Government Association forecasts that the visitor economy will continue to outpace the UK economy, growing at 3.5% pa between 2010 and 2030, compared to 2.9% for the economy as a whole⁵. Clearly, the growth of the visitor economy will continue to have a significant effect on the development of our towns and cities, alongside other emerging trends such as the sharing economy, digital high streets and sustainability, among others⁶.

Inbound tourism to the UK is changing. We can't rely anymore on just meeting the needs of our core tourist markets from the USA and Western Europe; these mature markets already have very well developed perceptions of our urban destinations and there is little left to do to attract them or to meet their needs beyond adding value to existing destinations and improving quality.

New inbound markets include visitors from China, India, Russia and more besides. These new markets are not insignificant. In 2014, visitors from Asia alone spent £2.45bn in the UK. Many of these visitors see 'Europe' as a single destination, let alone understanding the subtle (and not so subtle!) differences between our own nations and regions in the UK. Because of this, competition for high value overseas visitors is fierce, and international. Your BID may have businesses within it who want to attract the Chinese market, but now they are competing for them with towns in France, Spain and Sweden, rather than Cornwall, Kent and Cumbria.

New markets bring with them new opportunities for developing your visitor economies. Of course, traditional cultural heritage destinations will continue to be a major draw for all international tourists, but some more unlikely destinations are coming to the fore as patterns of tourism to the UK change and develop. Bicester Shopping Village in Oxfordshire, for example, is the second most visited attraction by Chinese tourists, only beaten by Buckingham Palace⁷.

Visitors are drawn to destinations around the UK by their use in our film and TV industries, their retail options, and by the high quality cultural events and festivals that have become a feature of our regional economies. Destinations who succeed in attracting and satisfying their visitors are increasingly framing this in terms of experiences. Creating unique, memorable experiences of destinations for visitors means viewing areas from the perspectives of customers and seeing destinations in all their diversity, rather than through the sometimes narrow lens of traditional tourism and hospitality services⁸.

Once we look beyond the traditional elements of the tourism sector to the more diverse visitor economy, it becomes clear that BIDs are already involved in supporting and developing the offer for visitors, both domestic and international. In fact, we know from our research that many BIDs are 'doing' visitor economy work that can sometimes overlap with that being done by DMOs and local authorities. This presents opportunities and potential pitfalls.

Government support for tourism and DMOs in the UK has been radically reduced since 2010⁹, meaning that it isn't always clear whose job it is to carry out destination marketing and to develop new products for visitors. In many cases, local authorities have stopped funding tourism activities and some DMOs have closed or reduced their activities due to a lack of funds. To fill this gap, some BIDs have had to begin to act like DMOs themselves, with varying levels of willingness and success. This is a not a completely new phenomenon; BIDs have always had relationships with tourism businesses and stakeholders, but these relationships are frequently implicit, rather than explicit¹⁰.

We know that many BID managers are interested in the visitor economy, tourism and events, but many or more think that this isn't their core activity. Levy-payers also don't always understand or show the willingness to support the visitor economy, due to a lack of understanding of its features and impacts.

Where BIDs are doing the work traditionally associated with DMOs, this might not always be something that BID teams have the skills or expertise to do to its full potential. When the activities of DMOs, BIDs, local authorities and other partners complement each other in the visitor economy to support high quality, high value, well-marketed visitor destinations, then the benefits of BIDs working in the visitor economy are clear. However, during a period of quite radical change in the local governance of tourism, public space, town centres and leisure facilities, there are dangers of a lack of clarity and purpose in visitor economy activity that can only be addressed through a sharing of expertise, knowledge and resources between everyone involved in creating thriving destinations.

Across the Atlantic, destinations in the USA have been capitalising on the potential of the visitor economy since the first tourism-BID (TBID) was formed in California in 1992, using the BID levy-collection model to generate additional resources for destination marketing and development. TBIDs in San Diego, San Francisco and Los Angeles alone are generating \$30m, \$27m and \$19m per year in this way¹¹.



In our work, we have developed four ways of thinking about why BID managers and levy-payers should care about the visitor economy:

1.

VISITORS ARE CONSUMERS

They are shoppers, restaurant and café customers, cinema-goers, ticket-buyers, parkers, bus riders and more besides. The services used by local residents and businesses are the same ones that are supported by visitors.

2.

VISITORS CAN SUPPORT INNOVATION

Bringing new people into a BID area allows you to create markets for goods and services that can help you to change the image and offer of your destination. Visitors support new products like markets, events and the night-time economy at a time when BIDs are seeking new ways to increase their competitiveness with each other and with online retailing.

3.

INVESTORS ARE VISITORS TOO

Attracting inward investment means creating environments that encourage businesses to start-up and relocate to your area. A high-quality local economy with a mix of attractions, events and leisure opportunities is proven to influence inward investment decisions and a thriving visitor economy will support this.

4.

VISITORS BECOME AMBASSADORS FOR YOUR DESTINATIONS

Supporting the visitor economy helps to create and sustain positive word-of-mouth and social media marketing for your area, both of which provide low cost and high impact marketing to encourage further visits and increased spending.

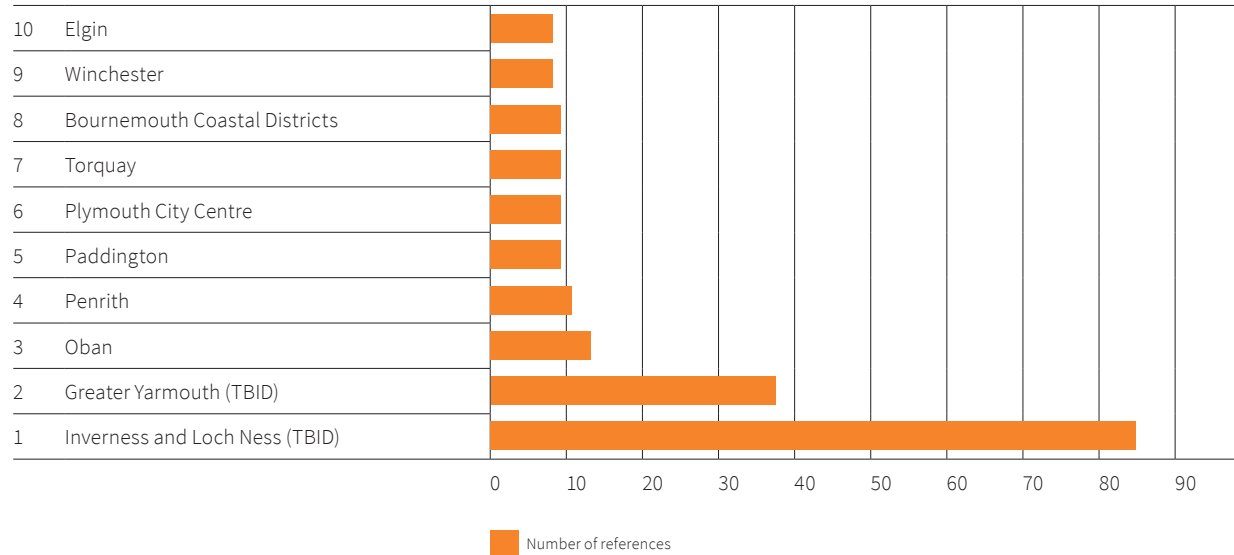
Our research

Given the scale of the opportunity available to BIDs to engage with the visitor economy, we carried out research to examine the extent to which BIDs state that they are doing work in this field, as the first phase of a project that will lead to concrete tools for BID managers to use to develop their work.

To do this, we analysed 133 BID documents from England and Scotland, around 66% of the total amount of BIDs in the UK. We excluded BIDs without publicly available documentation and those whose material was mainly leaflets or information sheets, meaning that we concentrated on policy documents and business plans. We used NVivo software to carry out qualitative data analysis of the documents, looking for mentions of tourism and the visitor economy in the description of the BIDs' work. In the tables below, we outline some of the headline results from this stage of our research.



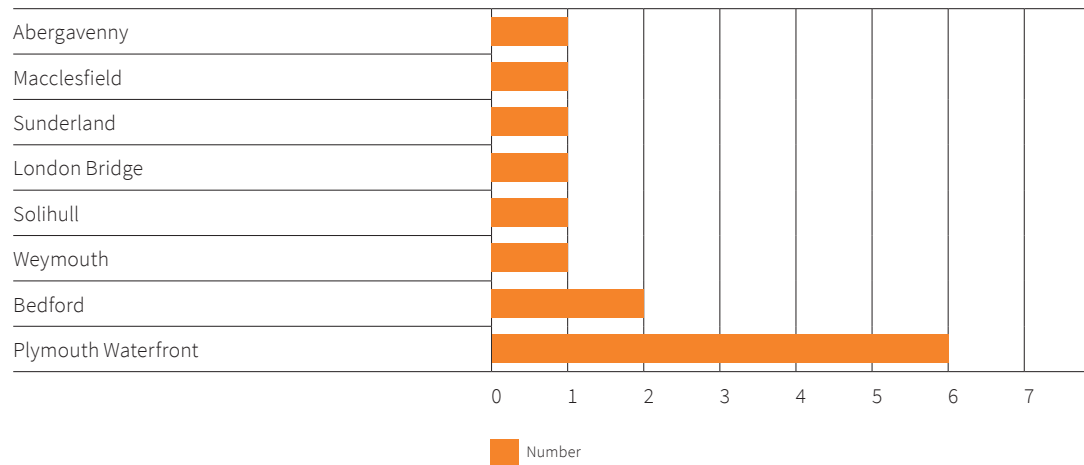
Top ten BIDs for reference to tourism



We then analysed the documentation, using key terms related to the visitor economy, to look for evidence of activity in the visitor economy being carried out by BIDs. This helped us to begin to understand the ways in which BIDs are engaged in this work. The top words were:

TERMS	NUMBER OF MENTIONS
Visits and visitors	316
Promotion and Marketing	288
Domestic	158
Destination	142
Tourism	120
Events	20

The eight BIDs who talk about the visitor economy



Of the 133 BIDs that we analysed, only 60% made reference to tourism and the visitor economy, with more than a quarter of those only mentioning it in one sentence in their documentation. Only 8 BIDs used the specific term 'visitor economy' to explain their work in this area. Of the 29 BIDs that mentioned tourism and the visitor economy at least five times in their documents, 9 were in Scotland. In fact, only three BIDs in Scotland don't mention the visitor economy.

From this first phase of the research, three themes have emerged that we will be following up over the coming months. Firstly, from the evidence we have seen so far, it appears that BIDs in the UK are not fully engaged with the huge economic opportunities offered by the visitor economy. Whilst a minority of BIDs are clear about their role in this area, the majority do not mention it at all, or give it a very brief mention. We understand that, given the type of documentation that we have reviewed, the work of BIDs in the visitor economy will not have been fully captured by this research, but it is clear that the visitor economy is not seen as a core part of the work of BIDs in the UK as a whole.

Secondly, where the visitor economy is mentioned in BID documents, it tends to be associated with a very limited or traditional conception of tourism and tourism attractions, with an emphasis on cultural heritage products such as stately homes, castles and landscapes. The low number of mentions for events (just 20 across 133 documents, despite the prominent role that BIDs play in supporting events across the country) is an indication of this. This suggests that current levels of understanding of the components and benefits of the visitor economy are not keeping pace with innovation in the visitor economy as a whole.

Finally, it appears that Scottish BIDs are leading the way in terms of integrating the visitor economy into their work. The reasons for this are unclear at this stage, but it is likely that the significant role that Scotland's private sector tourism and events businesses have played in formulating national policy in these areas has led to a greater acceptance of the value of BIDs engaging in visitor economy work than in the rest of the UK, where tourism policy and destination management remains dominated by the public sector.



What next for this research?

The first phase of this research had the aim of taking a snapshot of BID activity in the UK in the area of the visitor economy. We know that this is only a starting-point. From conversations with BID managers and wider research in this field, we know that many BIDs will be very active in the visitor economy, even if this doesn't come across in their public documents.

There will be three more phases to this research project, which is being carried out in partnership between the University of Greenwich's Economic Development Resource Centre and ATCM. In early 2016, we will be carrying out interviews with BID managers across the UK to deepen our understanding of what BIDs are doing and the challenges they face in engaging with the visitor economy. Based on this, we will develop a short series of case-studies that highlight best practice in this area. Finally, we will create a toolkit for BIDs to use to help them to develop the skills, knowledge and partnerships needed to support their work in creating thriving visitor economies in their areas.

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