West Cork

Maximising the Benefits of Walking Tourism

ANNEX – ECONOMIC IMPACT OF WALKING TOURISM IN WEST CORK

January 2012

Prepared for

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Maximising the Benefits of Walking Tourism in West Cork - Economic Impact of Walking Tourism in West Cork
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EXECUTIVE SUMMARY

Introduction

As part of URS-Scott Wilson's broader investigation examining the mechanisms for maximising the benefits of walking tourism in West Cork, the following report provides detail on the economic impact of walking tourism on West Cork's West Coast at present. This report has been prepared on behalf of the West Cork Development Partnership (WCDP).

The purpose of undertaking this assessment is to complement the overall study and to ensure that any future developments related to walking tourism can be assessed against the potential economic benefits that this may realise to West Cork in terms of jobs and expenditure.

Approach

Our approach for measuring the economic impact of walking tourism in West Cork is centred on four key tasks; benchmarking against other research on walking based tourism; a business survey with local businesses; development of a socio-economic baseline using secondary data sources; and an impact assessment where the relevant additionality assumptions were applied to the baseline in order to provide the economic impact in terms of jobs and expenditure.

Assumptions

Below is a summary of the assumptions used to estimate the economic impact:

Number of walkers to West Cork

The total number of bedspaces was taken from the audit conducted in the other study mentioned. From this it was possible to calculate total number of bednights. Occupancy assumptions were applied to each of the accommodation stock based on data from the West Cork Survey and Fáilte Ireland data.

Overnight walkers

Using information gathered from the business survey, Fáilte Ireland and a UK Tourism Survey it was possible to estimate the number of people who were staying in the occupied bedspaces where walking was their main motivation for visiting. The data for accommodation on the actual walking routes was less reliable than for accommodation in the remainder of West Cork and as such a range of assumptions were presented for the former.

It was also important to distinguish between overseas and domestic overnight visitors as they spend different amounts.

Tourist day walkers (spend over 3 hours)

A judgement was made on what percentage of those living in the catchment area (2 hours drive) would walk in West Cork. The general assumption was that there would be more people living closer who used the walks and on a more regular basis than those living further away. However, those living further away would spend more money on each visit.

On top of these there those people who are holidaying in the area for other reasons but spend more than 3 hours walking and have an economic impact. Some of this spend would have been spent locally as they are already staying within the vicinity. However, without the walking routes many visitors would shorten their stay and/or go elsewhere and spend the money.

Expenditure

The average expenditure per visitor type was taken from Fáilte Ireland data.

Additionality

Leakage

Applying the above average spend per visit to the number of walkers provides the gross spend of walking in West Cork. However, some of this spend is lost outside of the local economy. These are the 'leakage' effects. This includes taxes (including VAT) and the spending of goods and services imported to West Cork. A good proxy for leakage is travel to work information. This was calculated for two benchmark areas.

Multipliers

A composite multiplier was used to show the further economic value associated with additional local income and local supplier purchases. In 'Perspectives on the West Cork Regional Brand' two multipliers were presented for the area, these are 1.28 for expenditure and 1.25 for employment. This equates to a composite multiplier of 1.6 (1.28 X 1.25). This multiplier has been used.

Employment

The number of jobs created / safeguarded from walking tourism is calculated by applying an average job creation per net expenditure figure. In this instance, and based on the average from the relevant case studies this is set at €39,500.

Economic impact

The following table sets out the economic impact of walking tourism:

No. of Walkers	Low	Medium	High
Overnight walkers, of which:	19,000	27,300	35,600
Domestic	9,900	14,200	18,500
International	9,100	13,100	17,100
Tourist day walkers (over 3hrs), of which	90,500	89,800	89,100
Lived within the catchment area with sole intention of walking	67,500	67,500	67,500
Holidaying for another reason – staying in WCWC accommodation	13,300	12,600	11,900
Holidaying for another reason – staying in remainder of West Cork	9,800	9,800	9,800
Total economically active walkers	109,500	117,100	124,700
Gross Expenditure			
Overnight - domestic	€1.9m	€2.8m	€3.6m
Overnight - international	€4.1m	€5.9m	€7.7m
Day tourist (over 3hrs)	€1.0m	€1.0m	€1.0
Total expenditure (gross)	**€7.0m**	**€9.7m**	**€12.3m**
Net Expenditure			
Leakage	10%	10%	10%
Gross expenditure minus leakage	€6.3m	€8.7m	€11.1m
Composite multiplier (induced and indirect)	1.6	1.6	1.6
Net expenditure (Economic Impact)	**€10.1m**	**€13.9m**	**€17.7m**
Employment			
Direct	1708	245	312
Indirect and induced	78	108	137
Total employment	**256**	**353**	**449**

Summary

Assuming that the medium scenario is the more likely, it can be deduced that walking tourism is worth nearly €14m per annum in West Cork, which in turn supports up to 353 jobs. A relatively modest increase in the number of economically active walkers of 10% per annum would generate an additional €1.4m and support over 35 jobs.

1 Introduction

Background

1.1 As part of URS-Scott Wilson's broader investigation examining the mechanisms for maximising the benefits of walking tourism in West Cork, the following report provides detail on the economic impact of walking tourism on West Cork's West Coast at present. This report has been prepared on behalf of the West Cork Development Partnership (WCDP).

1.2 The purpose of undertaking this assessment is to complement the overall study and to ensure that any future developments related to walking tourism can be assessed against the potential economic benefits that this may realise to West Cork in terms of jobs and expenditure.

Approach

1.3 Our approach for measuring the economic impact of walking tourism in West Cork is centred on four key tasks:

- **Benchmarking and context setting:** we have reviewed existing research on walking based tourism. The aim was to identify relevant multipliers and visitor expenditure levels in the tourism/walking sector in other similar areas.
- **Business survey:** a survey with local businesses was undertaken as part of the maximising the benefits of walking tourism in West Cork study. A number of supplementary questions were added to this survey that assessed levels of occupancy, dependency on walking tourism, and business turnover.
- **Socio-economic baseline:** this was developed using secondary data sources and the business survey. This baseline provides a broad profile of the local economy as well as information on the walkers and the characteristics of these.
- **Impact assessment:** relevant additionality assumptions were then applied to the baseline in order to provide the economic impact in terms of jobs and expenditure.

Definitions used

Walking tourism

1.4 Walking is one of the principal activities holidaymakers undertake whilst on a trip. This is largely because there are many different types of walking, from short historic trails, strolls along coastal promenades and meanders through garden attraction; through to multi-day treks across mountainous terrain, coastal cliffs and other dramatic (and potentially hazardous) terrain. Although the difference in the character of the routes can be stark, each can be classified as a 'walking' activity.

1.5 From a 'walking tourism' perspective, a distinction needs to be made over importance of the action of walking as a motivation for visiting a site or a destination. On the one hand, there are holidaymakers who will undertake a walk whilst on their visit in a destination; and

on the other there are those holidaymakers who are singularly motivated to visit a destination by the opportunity that walking presents.

1.6 In general terms, 'walking tourism' as a theme is concerned with the latter as a niche sector within the broader 'activities' market. However, it needs to be recognised that holidays that involve walking are, almost by definition much more prevalent meaning that any initiative, programme or project that looks to increase the presence of walking holidaymakers will inevitably have an impact on general holidaymakers who undertake walking. Nevertheless, the impact of this type of walking from an economic perspective is less clearly defined.

1.7 In line with the 'maximising the benefits of walking tourism' study, this study focuses specifically on walking tourism/walking holidaymakers and its future potential in West Cork. The walkers mentioned in this report only include those that have an economic impact including:

- Walkers who stay overnight; and
- Day tourists who walk for more than three hours.

1.8 This economic impact study does not include any analysis on people using the walks for less than 3 hours such as those walking their dog.

Induced and indirect multipliers

1.9 Multiplier effects in their simplest can be defined as further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases. The economic impact of a given project or activity is multiplied because of knock-on effects within the local economy.

1.10 There are two types of multiplier:

- **Indirect:** supply linkage multiplier due to purchases made as a result of the project and further purchases associated with linked firms along the supply chain. For example, a tourist will spend money staying in accommodation which will support that venue directly. However, that venue will, for example, buy food from local farmers which creates/supports jobs;
- **Induced:** associated with local expenditure as a result of those who derive incomes from the direct and supply linkage impacts of the project. For example, the wages of those employed in the tourist sector being spent locally.

1.11 In economic impact studies such as this a composite multiplier is usually applied. Thus, for example, if at the regional level the supply linkage multiplier was 1.1 and the income multiplier 1.2, the composite multiplier would be 1.32 (i.e. 1.1 x 1.2). Applying the multiplier gives an estimate of the total direct and multiplier effects. For example, say a project created 100 jobs, then the total direct and multiplier effects would be 132, if the composite multiplier were 1.32.

Leakage

1.12 This is defined as the proportion of benefits that are lost outside the target area. The target area in this study is defined as West Cork. Therefore leakage refers to jobs and

expenditure created/safeguarded outside of West Cork and generated from the walks within West Cork. For example, a hotel importing supplies from outside the area or staff living and spending their wages elsewhere.

Report structure

1.13 The remainder of the report is set out as follows:

- Section 2 presents an **overview of the tourism sector in Ireland** and in particular South West Ireland;
- Section 3 highlights **case studies from elsewhere** that have measured the economic impact of walking;
- Section 4 establishes the **baseline information** for providing the economic impact of walking tourism in West Cork; and
- Section 5 illustrates the **economic impact of walking tourism** in West Cork.

2 Tourism Sector

2.1 This section of the report provides an overview of the tourism sector in Ireland and in particular, southwest Ireland. It also provides an overview of the main walks in West Cork – for more details on these refer to the ‘maximising the benefits of walking tourism’ study.

Tourism in Ireland

2.2 Expenditure by visitors to Ireland (including receipts paid to Irish carriers by foreign visitors) was estimated to be worth €3.9bn in 2009, this represents a drop of 19% on 2008 (source Fáilte Ireland).

2.3 Overseas tourist visits to Ireland in 2009 fell by 12% to 6.6m. Tourist numbers from Britain declined by 15%, Mainland Europe fell by 9%, and North America decreased by 6%, due to the global economic downturn and unfavourable exchange rates with the euro.

2.4 In 2009, out-of-state tourist expenditure, including spending by visitors from Northern Ireland, amounted to €3.4bn. With a further €0.5bn spent by overseas visitors on fares to Irish carriers, total foreign exchange earnings were €3.9bn. Domestic tourism expenditure amounted to €1.4bn making tourism in total a €5.3bn industry in 2009.

2.5 Government earned estimated revenue of €1.3bn through taxation of tourism, of which €0.9bn came from foreign tourism. In 2009 the tourism industry accounted for 3.7% of tax revenue.

Walking Tourism in Ireland

International Walking Holidaymakers

2.6 The main data volume and value indictors concerning walking tourism are provided in the following table. These figures specifically relate to visitors going hiking/cross-country walking in 2009.

Table 2.1 Volume and Value of Overseas Visitors to Ireland

	All Visitors	All Visitors Who Walk*	Walking Holiday Makers**
Total no. of trips (millions)	7.22	0.830	0.366
Total value (millions)	€3,879	€494	€215
Total no. of nights (millions)	52.9		
Spend per trip	€537.3	€595.2	€587.4
Average duration	7.3		
Average spend per night	€73.3		

Source: Fáilte Ireland

** Walking identified as an activity undertaken whilst in Ireland*

***Walking identified as the main purpose behind the visit*

2.7 As the table highlights, it was estimated that, in 2009, 830,000 holiday trips to Ireland involved some form of walking. This equates to well over 10% of all overseas visitors

participating in some form of walking whilst staying in Ireland. Of this, around 366,000 trips (44%) could be classified as walking holidays – i.e. hiking/cross-country walking was the main motivation.

2.8 Walking holidaymakers generated €215m for Ireland's economy (€587 per trip). This is a slightly higher spend level than the average (€537 per trip).

Domestic Walking Holidaymakers

2.9 In 2009, domestic tourism trips in Ireland equated to 8.3m trips that generated €1.4bn in expenditure. Of this, just under half (4.0m) were holiday trips and a further 2.7m trips were to visit friends and relatives. Whilst holiday trips are more keenly associated with leisure activities such as walking, friendship groups in particular will also be predisposed to look at the 'things to do and see' in the local area.

2.10 Walking/hiking as an activity was undertaken by around 1 in 5 (21%) of domestic holidaymakers (840,000 trips), however the data does not segment this further into those who could be classified as walking holidaymakers.

Tourism in South West Ireland

2.11 West Cork is located within the South West of Ireland. Tourism in South West Ireland generated 3.3m tourist visits and €1bn in revenue in 2009. Overseas visitors equated for 1.5m trips generating €628m revenue whilst trips taken by Irish residents equated to 1.8m generating €338m. Cork specifically had just over 1m visitors in 2009, generating €438m.

2.12 Almost 2m of the visitors to the South West were holidaymakers; of which 922,000 were from overseas and 1m were Irish residents. Other key statistics relating to holidaymakers to the South West include:

- The highest proportion of bednights are spent in guesthouses/B&Bs (26%), hotels (20%), rented accommodation (18%), and friends and relatives (14%);
- Over two-fifths (44%) of visitors are couples, 20% travel alone, 19% are travelling in a family, whilst the remaining 17% are composed of other types of adult groups;
- 60% of holidaymakers are classified as 'white collar', 25% are 'managerial/professional', 12% are skilled workers, and 3% unskilled;
- 16% of holidaymakers are aged under 25, 19% are 25 to 34, 14% are 35 to 44, 22% are 45 to 54, 18% are 55 to 64, with the remaining 11% aged 65 or above;
- There is a higher proportion of females (54%) than males (46%) who holiday in the South West;
- The majority (78%) do not have dependant children.

Tourism in West Cork

2.13 West Cork covers an area of 2,170km^2 and has a long and highly indented coastline of approximately 550km. The coastal area of West Cork extends from Courtmacsherry to Ardgroom at the border with Kerry.

2.14 In determining the tourism volume and value for West Cork, a range of assumptions have been applied to the above South West tourism figures (see Appendix B for assumptions). These figures are only an estimation and care must be taken when interpreting these.

2.15 Tourism in West Cork in 2009 generated approximately 470,000 tourist visits and €134m in revenue. Overseas visitors equated for 218,000 trips generating €84m revenue whilst trips taken by Irish residents equated to 249,000 generating €48m.

2.16 Approximately 328,000 of the visitors to West Cork were from holidaymakers; of which 153,000 were from overseas and 173,000 were Irish residents.

Walks in West Cork

2.17 There are many different types of walks within the area, ranging from a 30 minute stroll in Castlefreke Lake that is graded as 'easy'; through to Beara which is a strenuous multi-day walk. It has been identified by the wider study that the following trails have the capacity to drive visits specifically for the purpose of walking; Beara and Sheep's Head.

2.18 The Beara Way is 206km in length and runs through the villages and towns of Glengarriff, Castletownbere, Kenmare and Bere Island. The trail is split into 15 sections with several containing significant ascents and descents, appealing to more experienced walkers.

2.19 The Sheep's Head Western Trail is 100km in length and runs through the villages and towns of Bantry, Durrus, Ahakista and Kilcrohane. The trail is less mountainous than the Beara Way. The route has a 'moderate' rating in terms of its walking difficulty and has been broken up to create eight separate trails.

2.20 The Sheep's Head Eastern Trail is 52.5km in length and runs through the villages/towns of Bantry, Drimoleague and Gougane Barra. The landscape character of this route is generally attractive rural countryside. The route is generally 'easy' to 'moderate' in terms of the challenge it presents, with some more difficult sections. The main pathway has been sub-divided into a series of named sections that can be completed as linear walks.

3 Case Studies

3.1 This section of the report draws upon five case studies that assess the economic impact of walking tourism. These are:

- the South West Coastal Path in England;
- Hadrian's Wall in North England;
- Fife Coastal Path in Scotland;
- Celtic and Taff trail in Wales; and
- Walking and hill walking across Wales.

3.2 All have been chosen as they share similarities with the study area of West Cork. These are later used for benchmarking when assessing the economic impact of walking in West Cork.

South West Coastal Path

3.3 The South West Coastal Path (SWCP) National Trail is the longest and arguably most varied of the National Trails. The path stretches 630 miles from Minehead in Somerset to South Haven Point in Dorset. The coastal path is home to two World Heritage Sites, a World Biosphere Reserve, five Areas of Outstanding Natural Beauty, Exmoor National Park and miles of 'Heritage Coast'. Some 28% of it passes through National Trust land.

3.4 A study in 2003 estimated the coastal path generated £307m for the regional economy annually and supports more than 7,500 jobs.

3.5 The study examined spending by holiday-makers and day-visitors using the path and the income generated at hotels, B&Bs and self-catering venues within a mile of the walks. The study suggested that over a quarter of visitors (27.6%) to the South West are drawn to the area purely because of the SWCP and these visitors alone spend around £136m a year. Alongside this, residents of the four counties of the region participate in 23m walks spending £116m, with their visiting friends and relatives bringing in a further £48m along the walks.

3.6 This case study shares similarities with West Cork as both trails run along a coast line benefiting from high levels of tourism from both local and international tourists. The estimated figures of expenditure due to walking tourism were derived from a number of sources including surveys and interviews with local businesses.

Fife Coastal Path

3.7 The Fife Coastal Path runs from the Forth Estuary in the south, to the Tay Estuary in the north and stretches for 150km. The path offers a range of walking experiences from the easy and level, to the wild and demanding.

Impact assessment methodology

3.8 An estimated 480,000 to 580,000 visits[1] were made over a twelve month period (July 2006 to June 2007). This was estimated by applying a head count over 56 interviewing sessions throughout the year at different parts of the path and applying an average head count for different times of the year.

3.9 Based on expenditure questions asked in the path user survey, total gross expenditure of between £56m (480,000 visitors) and £68m (580,000 visitors) was generated. Adjustments were made for displacement, additionality and multiplier effects using the UK Sports methodology:

- **Displacement:** all expenditure made by residents within the impact geography (Fife) would have been made in the area anyway at a later date. Therefore the expenditure of these groups was entirely discounted from the net additional expenditure.
- **Additionality:** some individuals visit the path as part of a wider holiday, but if the path was not their main reason for making their trip, then the expenditure from all other days of the trip are not additional to the event. Therefore where respondents stated that the Fife Coastal Path was their primary motivation for making their trip, all of the expenditure was treated as additional. Where the path was only one of several reasons or of no importance at all, only their daily expenditure was attributed and all accommodation expenditures were removed as well.

3.10 Displacement and additionality was applied to gross expenditure to determine total net expenditure. Net expenditure associated with the Fife Coastal Path was calculated to be between £24m (low case) and £29m (high case).

3.11 Multipliers were then applied to account for the wider knock-on effects to the economy in terms of supplier and income effects. This suggested that the Fife Coastal Path created:

- Between £29m and £32m of new output to the Fife area.
- Between £8m and £10m of new income to the Fife area.

3.12 This equates to a composite multiplier of between 1.45 and 1.54[2].

3.13 This study also suggests that the path supports between 800 and 900 Full Time Equivalent (FTE) jobs for one year in the Fife area.

3.14 The major beneficiary groups of this additional economic impact are likely to be accommodation providers, bars and restaurants and the retail sector. Based on the breakdown of visitor expenditure recorded in the path user survey, the analysis suggests that:

- the accommodation sector gained around 37% of all additional expenditure.
- the food and drink sector gained around 33% of all additional expenditure.
- the retail sector gained between 20% of all additional expenditure.

[1] Fife Coast and Countryside Trust, Usage and Impact Study – Fife Coastal Path (2007), TNS and SQW Consulting
[2] As only rounded figures have been demonstrated it is not possible to calculate the exact multiplier

Profile of walkers

3.15 Key statistics relating to the profile of the walkers includes:

- 52% of users were on a short trip from home, 20% were on a day out from home, and 26% were on holiday.
- 81% of all respondents had previously visited, with 46% visiting at least weekly in summer and 38% this frequently in winter.
- 54% of users were from Fife, 31% from elsewhere in Scotland, 9% from elsewhere in the UK and 4% from overseas. Of those on holiday, 55% lived in Scotland, 32% elsewhere in the UK and 13% from overseas.
- Almost half of the users (45%) were aged 55 or over with a further fifth (20%) were 45 to 54.
- 85% of tourists who used the path stayed overnight within a mile of the Fife coast, with an average duration of stay within this area of 5.7 nights.

Hadrian Wall Trail

3.16 Hadrian's Wall Path National Trail is an 84 mile signposted trail stretching from coast to coast, from Wallsend in the east to Bowness-on-solway in the west. It passes through rolling fields and rugged moorland and the cities of Newcastle and Carlisle.

3.17 Between May 2003 and the end of September 2004 approximately 6,264 long distance walkers completed the Trail[3], taking an average of nearly six and a half days and generating £1.5m of expenditure.

3.18 The number of day walkers between May 2003 and the end of September 2004 was approximately 395,000, generating £2.9m of expenditure. In total, over 400,000 walkers have used the Trail since it opened, up until the end of September 2004 and have generated almost £4.5m of expenditure.

3.19 The number of long distance walkers using the Trail between May and September rose by 31% in 2004 compared to 2003 (2,370 in 2003 and 3,112 in 2004). The number of day walkers also rose by 15% over the same period (155,483 in 2003 and 178,514 in 2004).

Celtic and Taff, Wales

3.20 The route is located between Cardiff and Brecon. The Celtic and Taff Trails are multi-user trails that attract mainly cyclists and walkers. The Celtic Trail attracts just over an estimated 1.5m user trips per annum (of which 601,000 are walkers); in comparison the Taff Trail attracts an estimated 628,000 user trips per annum (205,000 are walkers)[4].

3.21 The following table illustrates the gross expenditure of walkers across the two trails. Local is defined as anyone from Wales and a tourist is anyone from outside of Wales.

[3] The Impact of Hadrian's Wall Path National Trail (2005), Navigator PR
[4] The Economic Impact of Cycling and Walking on the Celtic and Taff Trails (2008), University of Central Lancashire

Table 3.1 Gross expenditure of walkers

	Celtic Trail	Taff Trail	Total
No. of walkers			
Local	522,129	197,484	719,613
Tourist	78,710	7,801	86,511
Total	600,839	205,285	806,124
Gross expenditure			
Local	£11,816,189	£2,603,479	£14,419,668
Tourist	£4,692,817	£267,295	£4,960,112
Total	£14,419,668	£4,960,112	£19,379,780
Average expenditure			
Local	£22.63	£13.18	£20.04
Tourist	£59.62	£34.26	£57.34
Total	£24.00	£24.16	£24.04

3.22 In order to calculate the indirect benefits associated with walking tourism on these trails they apply a composite multiplier of 1.5. This figure was used in the '*Taff Trail Users Survey 2005*', which in turn was derived from the House of Commons Select Committee on Welsh Affairs (22.6.1998). The figure is also comparable with the estimates produced by the Scottish Executive for the relevant industries in Scotland.

3.23 The following table illustrates the total economic impact of walking on these trails:

Table 3.2 Direct and indirect economic impact

	Celtic Trail	Taff Trail	Total
Local	£17,724,284	£7,039,226	£24,763,510
Tourist	£3,905,219	£400,943	£4,306,162
Total	£21,629,502	£7,440,168	£29,069,670

3.24 In order to calculate employment creation it was assumed that for every £53,000 generated, one FTE post was supported (created or safeguarded). In total 539 FTE jobs were supported through walking tourism on the Celtic and Taff trails.

Walking and hill walking in Wales

3.25 Another recent report on walking tourism, 'Economic Impact of Walking in Wales', 2011 (Welsh Economy Research Unit) estimated there were 28m walking related trips to the Welsh countryside and coast. This was taken from a range of leisure surveys. Average expenditure data by leisure type was also taken from a range of surveys and direct expenditure associated with these walking and hill walking trips was around £632m.

3.26 This is summarised in the following table.

Table 3.3 Total trip volume and gross spending on walking and hill walking in Wales (2009) – Direct impacts

	Volume of walking trips (m)	Average expenditure per trip	Total expenditure (£m)
Day Visitors			
Leisure day walking trips to the countryside	18.67	10.16	189.811
Leisure day walking trips to the seaside/coast	4.29	11.57	49.662
UK Resident Staying Overnight			
Tourist trips short walk main activity	0.62	148.90	92.318
Tourist trips long walk main activity	0.64	181.90	116.416
Tourist trips mountaineering main activity	0.15	173.90	26.085
Other Tourist trips that include a short walk as an activity	2.41	39.41	94.980
Other Tourist trips that include a long walk as an activity	1.22	42.07	51.322
Other Tourist trips that include mountaineering as an activity	0.097	35.64	3.457
International Visitors			
Overseas Visitors	0.162	52.00	8.424
Total	**28.259**	**22.38**	**632.475**

3.27 This study then makes a number of assumptions about additionality and the indirect benefits:

- The gross spending figure (£632m) was firstly discounted for leakages such as taxes (including VAT), and spending on goods and services that are imports to Wales. The leakages (taxes plus direct imports) were here estimated at around £182m or 28.8% of gross expenditure.
- Once these leakages are removed, the remaining net expenditure is £450m. This is then spent in the local economy. The overall economic impact is defined in terms of changes in output, gross value added (incomes), and employment that result in the economy. Input-Output modelling and multipliers were used to calculate this.
- The short-term related expenditure impact resulted in an additional £562m of demand in the Welsh economy (output). Some of this additional output does not add to Welsh employment or incomes (e.g. cost of goods and services inputs) and GVA is used to measure regional economic impact. The additional activity in the regional economy was £275.4m of GVA (60% of net expenditure).
- It was then estimated that this would create 11,980 FTE jobs. This equates to around 1 FTE job per £23,000 of GVA generated.

3.28 By applying the Input-Output modelling they were able to distribute the economic impact by industrial sector. This is illustrated below:

Table 3.4 Economic Impact of Walking and Hill Walking in Wales 2009, breakdown by industrial sector

Sector	Output (£m)	GVA (£m)	FTEs
Manufacturing	101.8	25.7	540
Distribution/ Retail	97.4	52.8	2,130
Accommodation	143.1	81.2	4,510
Restaurants etc.	61.9	33.8	2,040
Transport & Communication	55.4	25.5	880
Financial & Bus. Services	56.5	33.2	770
Recreation etc.	6.3	3.2	110
Public Sector (inc. forestry)	28.5	14.6	710
All other industries	11.1	5.4	290
TOTAL	**562.1**	**275.4**	**11,980**

Multipliers

3.29 It is also worth noting that tourism income and employment multipliers have long been a focus of academic study. Some of the earliest national tourist income multipliers reported (Richards, 1972) are for Ireland (1.8) and the United Kingdom (1.7); Hurley *et al*. (1994) provide a more recent tourism employment multiplier for Ireland (1.58). (Midmore 2000).

Summary

3.30 The following table provides a summary of the key econometric indicators and how they were calculated in the case studies.

Table 1 Summary table of econometric indicators used in case studies (per annum figures)

	South West Coastal Path	Fife Coastal Path	Hadrian Wall Trail (16 month period)	Celtic and Taff Trails	Walking in Wales
Gross expenditure	£307m	£56m to £68m	£4.5m	£19.4m	£632m
Net expenditure		£24m to £29m			
Total net economic impact		£37m to £42m		£29.1m	£275.4m (GVA)
Multiplier		1.45 to 1.54		1.5	
Jobs created/safeguarded	7,500	800 to 900		539	11,980
Income generation per job created/safeguarded	£41,000 (based on gross expenditure)	60% of net impact divided by £28,000		£53,000 of total economic impact	£23,000 of GVA generated
Visitors		480,000 to 580,000	400,000	806,124	28m
Average expenditure per visitor		£117 (gross)	£11.25 (gross) but this went up to £239 for long distance walkers	£20.04 to £57.34. Average of £24.04	£22.38
Leakage					28.8%

4 BASELINE

4.1 This section of the report establishes the baseline information for providing the economic impact of walking tourism in West Cork. This includes an overview of the economic, demographic and labour market profile of West Cork as compared to Cork County and Ireland as a whole. We also establish the size of the supporting services to the tourism sector locally.

Socio-economic context

4.2 The information in this section is sourced from the 2006 Census and as such the economic and labour market profile may have changed slightly.

Economy

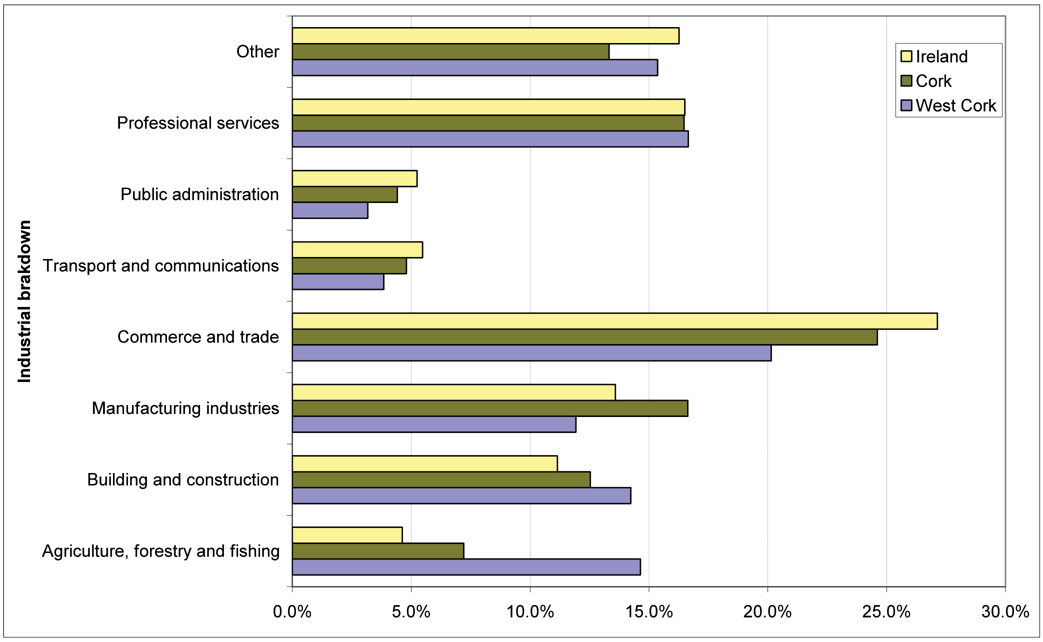
4.3 West Cork's economy is hugely influenced by the natural environment in which it sits. As identified in the WCDP Development Plan, the area is heavily reliant on agriculture, forestry and fishing,

4.4 In terms of agriculture, the Development Plan states that as much as 74% of the total land area in West Cork used for agriculture compared with 63% nationally. Similarly, fishing remains an important sector for coastal towns and villages, particularly for Castletownbere, Union Hall and Skibbereen. As a result, there is twice as much employment in this sector in West Cork (14.6%) as compared to Cork (7.2%) and over three times than nationally (4.6%).

4.5 However, it is recognised both nationally and locally that a reliance on these industries is contributing to continued social and economic problems for rural and coastal communities, with these sectors experiencing a decline of 12% in labour force between 1996 and 2006. Although this has been countered to a certain extent by growth in the building and construction industry (14.2% of the workforce employed in 2006), the recent global economic problems are having a profound impact on this sector at present.

4.6 The peripheral location of West Cork is also regarded as a disadvantage, with the lack of high quality road infrastructure and the distance from other major towns and cities in particular leading to a shortage of high-skilled and high value added employment opportunities. As a result, West Cork suffers from a narrow sectoral base and is under-represented in a number of sectors including; manufacturing, commerce & trade, transport & communications, and public administration. The sectoral profile is set out the following figure.

Figure 1 Economic structure



Source: Census 2006

4.7 Consequently, the diversification of the economy into other industries that take advantage of the natural environment in which West Cork is regarded as a key focus of the WCDP Development Plan. Tourism is regarded as one of these sectors, with the Development Plan stating that "Economically, socially and environmentally, tourism represents a good strategic fit for the expansion of economic activity in the region, with benefits generally accruing to small owner managed enterprises".

4.8 The WCDP has sought to drive this diversification and to exploit the sector synergies that tourism can provide in supporting other sectors such as food, retail, services and the arts/crafts. The main vehicle for this is the Fuchsia Brand, with 27% of Fuchsia tourism members being agricultural businesses with agri-tourism being a supported activity of WCDP.

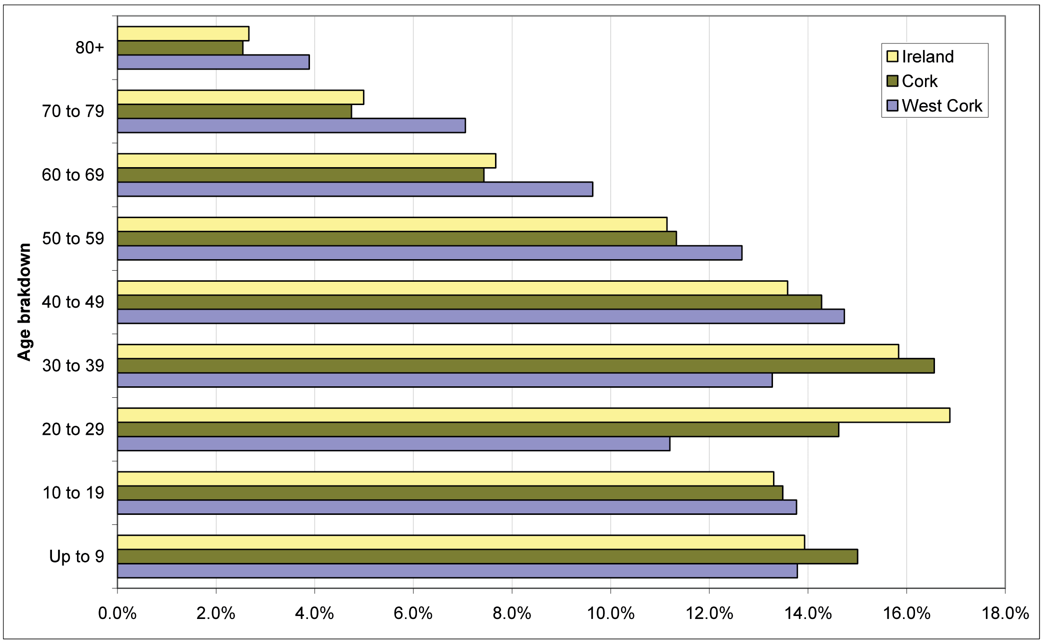
Demography

4.9 There are approximately 54,000 people residing in West Cork[5] and as illustrated by the following figure the population is much older than the county and national averages. A third (33.2%) of people in West Cork are aged 50 and above compared to just over a quarter in Cork (26.0%) and Ireland (26.5%).

4.10 The local economy suffers from a substantial loss of young people who often move away for work or university in other major cities and towns.

[5] The area is not strictly defined so this figure will vary depending on the boundary used

Figure 2 Population, age breakdown



4.11

4.12 West Cork has a higher proportion of residents from 'non-white Irish' backgrounds than Cork County and Ireland with a particularly high proportion of people from 'other white' backgrounds.

4.13 On the other hand, there are fewer people whose ethnic origin is black or Asian. The ethnic profile of residents is displayed below.

Table 4.1 Population, ethnicity breakdown

	West Cork	Cork	Ireland
White Irish	85.8%	90.3%	88.9%
White Irish Traveller	0.2%	0.2%	0.5%
Other White	12.2%	7.3%	7.1%
Black or Black Irish	0.2%	0.8%	1.1%
Asian or Asian Irish	0.5%	0.6%	1.3%
Other	1.1%	0.9%	1.1%

Source: Census 2006

Labour market

4.14 There are fewer people in work in West Cork (53.3%) than compared to the county (59.0%) and nationally (57.2%). This is primarily due to the higher proportion of people who are retired rather than being unemployed. This is set out in more detail below.

Table 4.2 Economic status of people aged 15+

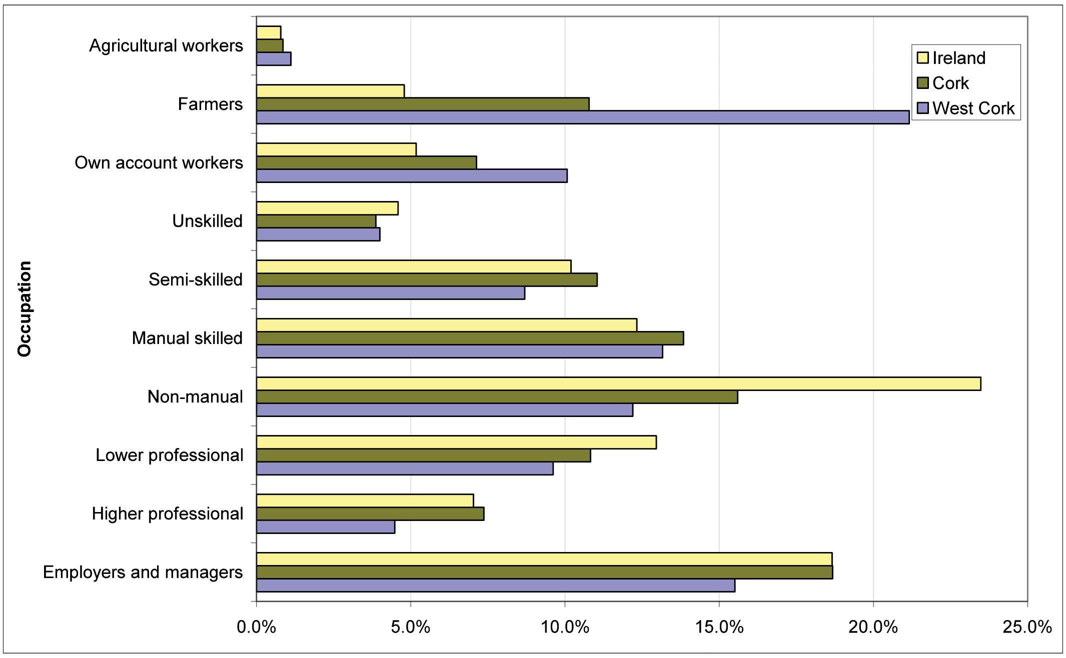
	West Cork	Cork	Ireland
At work	53.3%	59.0%	57.2%
1st job seeker	0.5%	0.6%	0.9%
Unemployed	2.8%	3.1%	4.4%
Student	9.2%	9.9%	10.4%
Home duties	14.2%	12.7%	11.5%
Retired	15.8%	10.7%	11.2%
Unable to work	3.8%	3.7%	4.1%
Other	0.3%	0.3%	0.4%

Source: Census 2006

4.15 The following figure highlights the occupation of the 'reference person' of those in work. Based on the industrial profile described above it is unsurprising that there are substantially more people classified as farmers in West Cork than the rest of the country. There are also substantially more people classified as 'own account workers'[6] than elsewhere.

4.16 Conversely there are fewer people employed in higher-skilled and higher-paid jobs in West Cork such as employers & managers and higher professionals.

Figure 3 Occupational profile of those in employment

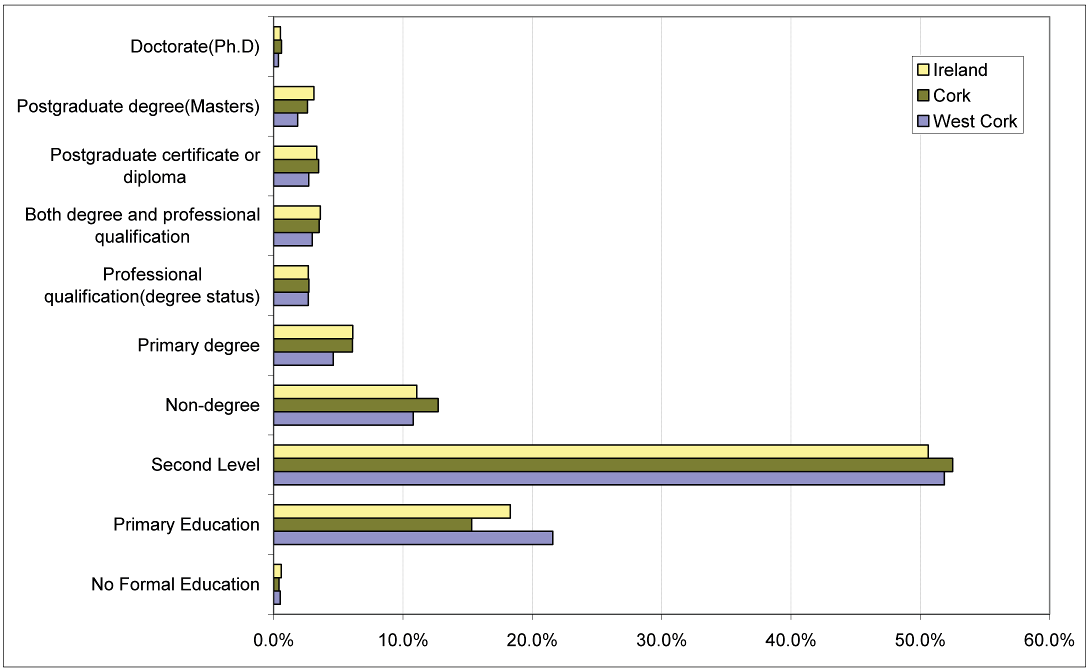


Source: Census 2006

[6] Own-account workers are those workers who, working on their own account or with one or more partners, hold the type of job defined as a self- employed job, and have not engaged on a continuous basis any employees to work for them during the reference period

4.17 Almost three-quarters (74.0%) of people aged 15+ have secondary level qualifications or below, which is higher than Cork (68.2%) and Ireland (69.5%). Consequently there are fewer people who hold degree level qualifications in West Cork. The following illustrates the highest qualification achieved by the resident population aged 15+.

Figure 4 Highest qualification achieved, people aged 15+



Source: Census 2006

Walking tourism

4.18 Tourism continues to be central to the economy of West Cork. There is still a deficit in all-weather, particularly indoor, and year-round activities in most of the region, but there has been a substantial increase in outdoor and adventure activities since the turn of the century.

4.19 Walking is a significant part of the tourism offer in West Cork. The *Maximising the Benefits of Walking Tourism* Stage A report states that the peninsulas of Beara and Sheep's Head each have the capacity to drive visits specifically for the purpose of walking due to the combination of long distance and shorter looped walks that are available. The fact that the Beara Way and Sheeps Head Way are classified as National Trails strengthens this premise.

4.20 In examining mechanisms to maximise the benefits of walking tourism to West Cork, it was felt appropriate to focus more specifically on trails that have the potential to form an integral part of a dedicated 'walking destination' – namely the Beara Peninsula and the Sheeps Head Peninsula. In line with this focus, the details below and in relation to the economic volume and value of walking tourism in West Cork is also placed on these areas and their associated walking trails of the Beara Way and the Sheep's Head Way.

4.21 The following tables illustrate the supporting services for walks in and around Beara Way and Sheep's Head Way.

Table 4.3 Accommodation count (West Cork's West Coast)

	Beara Way	Sheep's Head Western Trails	Sheep's Head Eastern Trails	Total
B&Bs	80	34	2	116
Hotels	9	4	1	14
Hostels	5	1	0	6
Camping & caravan sites	5	2	0	7
Self-catering	160	80	2	242
Total	259	121	5	385

Table 4.4 Number of bedspaces and visitor capacity (West Cork's West Coast)

	Beara Way	Sheep's Head Western Trails	Sheep's Head Eastern Trails	Total
Serviced	1,870	906	77	2,853
Camping/ caravaning	1,265	555	0	1,820
Self-catering	850	425	10	1,285
Total	3,985	1,886	87	5,958
Capacity per annum	1,053,150	513,000	28,575	1,594,725
Visitor capacity*	263,300	128,250	7,100	398,700

**average 4 nights per trip*

Table 4.5 Catering facilities (West Cork's West Coast)

	Beara Way	Sheep's Head Western Trails	Sheep's Head Eastern Trails	Total
Restaurants	27	22	-	49
Bars	20	20	3	43
Cafés	3	5	-	8
Nightclubs	1	-	-	1

4.22 Although it is assumed that the majority of walkers will stay in accommodation near to the walks, it is also important to consider bedspaces in the remainder of West Cork as some may stay here especially those classified as single-based walkers (who may walk elsewhere).

4.23 The following table illustrates the total bedspace capacity across the whole of West Cork (including the accommodation listed above on the West Coast). In total there are just over 3.6m bednights available across West Cork.

Table 4.6 Accommodation count and bedspaces across all of West Cork

	Establishments	Bedspaces	Bednights (per annum)
B&Bs	231	2,500	625,000
Camping & caravan sites	15	4,700	846,000
Hostels	13	423	126,900
Hotels	39	3,389	1,236,985
Self-catering	526	2,703	810,900
Total	824	13,715	3,645,785

5 Economic impact

5.1 This section sets out the economic impact of walking tourism in West Cork. Below is a diagram summarising how this is calculated.

Number of walkers by type:
- Overnight (international)
- Overnight (domestic)
- Day walkers (over 3 hrs)

X

Average spend by type of walker

=

Gross expenditure

-

Leakage (monies lost outside of West Cork such as taxes and importing of goods)

X

Composite multiplier (indirect and induced benefits)

=

Net expenditure (economic impact)

↓

FTE Employment

↓

Sectoral breakdown by expenditure and employment

Assumptions

5.2 The following sets out the assumptions for measuring the economic impact. This is based on; our expert judgement, the case studies presented earlier, official statistics, and official guidance such as English Partnerships Additionality Guidance.

5.3 Figures below will not always sum due to rounding.

Number of walkers to West Cork

5.4 The total number of bedspaces across West Cork was taken from the 'maximising the benefits of walking tourism in West Cork' study. From this it was possible to calculate total number of bednights. Occupancy assumptions were applied to each of the accommodation

stock based on data from the West Cork Survey and Fáilte Ireland data. These are presented in Table 2 in the Appendix.

5.5 This suggested that there were 1.52m occupied bedspaces across West Cork. Of these, just over 665,000 were in the West Coast of West Cork (WCWC) areas (those on the walking routes).

Overnight walkers

5.6 The business survey undertaken as part of this research suggested that 8% of the occupied bednights in WCWC were taken by walkers. However, the survey was not completely reliable (but useful as an indicator) in this respect. For this reason we produced a range of assumptions suggesting that 5, 10 and 15% of occupied bednights in WCWC being taken by walkers. Therefore the impacts illustrate a low, medium and high estimate.

5.7 Not all walkers will stay in accommodation that is on the routes. It was assumed that 5% of people staying in accommodation further afield in West Cork are walkers. This is based on; Fáilte Ireland suggesting that of 7.22m overseas visits, 0.366 are for walking holidays (5%) and UK Tourism Survey suggests 5% of people who go on holiday indicate walking as main motivation. Alongside this the business survey undertaken for this research suggests 4%.

5.8 This calculation provided the total number of occupied bednights by walkers. This was divided by 4 (average length of stay) to provide the number of visitor trips. It was also important to distinguish between overseas and domestic overnight visitors as they spend differing amounts. It was assumed that 52% of overnight walkers were domestic and 48% international[7].

Tourist day walkers (spend over 3 hours)

5.9 The catchment area of people living within 30, 60, 90, and 120 minutes of the walks was estimated. It was assumed that 58% of these are regular walkers. For each of the four catchment areas a judgement was made on what percentage would walk in West Cork. The general assumption was that there would be more people living closer who used the walks and on a more regular basis than those living further away. However, those living further away would spend more money on each visit. These assumptions are outlined in more detail in Table 3 in the Appendix.

5.10 On top of these there those people who are holidaying in the area for other reasons but spend more than 3 hours walking and have an economic impact. Some of this spend would have been spent locally as they are already staying within the vicinity. However, without the walking routes many visitors would shorten their stay and/or go elsewhere and spend the money. It has been assumed that the majority (60%) of this spend is additional (wouldn't have been spent without the walks being there) and the remaining 40% is displaced.

5.11 It was assumed that 14% of other occupied bednights (subtracting for the walkers already accounted for) in the WCWC accommodation spent a day walking. Whereas, it was assumed that 8% of those staying in the remainder of West Cork would spend a day walking. This was based on evidence from the business survey.

[7] Source: Fáilte Ireland, 2009 (% of South West Ireland holidaymakers that are either domestic or overseas)

Expenditure

5.12 The average expenditure per visitor type was estimated. These are presented below along with the assumptions:

Table 5.1 Average Spend per Visit

	Average spend per visit	Source
Overnight - domestic	€196.67	Average spend per holiday trip for domestic visitor in South West Ireland, Fáilte Ireland
Overnight - international	€450.00	Fáilte Ireland suggests average spend of €587 for Walking Holidaymakers to Ireland. Whereas, the average spend of overseas holidaymakers (all types of holiday) to South West Ireland is €312.68. We have assumed the median value between the two
Day tourist (over 3hrs)	€11.00	Based on average figure presented in the case studies

Additionality

Leakage

5.13 Applying the above average spend per visit to the number of walkers provides the gross spend of walking in West Cork. However, some of this spend is lost outside of the local economy. These are the 'leakage' effects. This includes taxes (including VAT) and the spending of goods and services imported to West Cork.

5.14 A good proxy for leakage is travel to work information. For example, the proportion of people that work in the target area but also live there. Data for West Cork was not available. Therefore leakage was calculated for two benchmark/similar areas – North Norfolk and Cornwall[8].

5.15 Anecdotal evidence also suggests that West Cork is a well contained economic geography. English Partnership Guidance suggests 10% for a 'low' level of leakage which means that the majority of benefits will go to people within the target area. This is in between the leakage values derived from the travel to work data in North Norfolk and Cornwall (and as such seems sensible) and therefore leakage was set at 10%.

Multipliers

5.16 As highlighted in **Section 0**, a composite multiplier is used to show the further economic value associated with additional local income and local supplier purchases. In 'Perspectives on the West Cork Regional Brand' two multipliers were presented for the area, these are 1.28 for expenditure and 1.25 for employment. This equates to a composite multiplier of 1.6 (1.28 X 1.25). This multiplier has been used.

[8] 81% of people who work in North Norfolk also live there (19% leakage). 96% of people who work in Cornwall also live there (4% leakage)

5.17 However, it is worth noting that the benchmarks presented highlight similar multipliers with 1.5 being the most frequently used in the case studies. For reference 1.5 relates to an English Partnerships 'ready reckoner' of 'average' supply linkages.

Employment

5.18 The number of jobs created / safeguarded from walking tourism is calculated by applying an average job creation per net expenditure figure. In this instance, and based on the average from the relevant case studies this is set at €39,500.

Sectoral impact

5.19 The impact (in terms of output and employment) on different industrial sectors can be estimated using Input-Output tables. The Input-Output framework breaks the economy down to display transactions of all goods and services between industries and final consumers for one year.

5.20 The supply and demand of goods and services in the tourism sector has been analysed against other industrial sectors and the proportions applied to total output and employment of walking tourism in West Cork.

Impact

5.21 The economic impact of walkers to West Cork is set out below:

Table 5.2 Economic Impact of Walking Tourism in West Cork

No. of Walkers	Low	Medium	High
Overnight walkers, of which:	19,000	27,300	35,600
Domestic	9,900	14,200	18,500
International	9,100	13,100	17,100
Tourist day walkers (over 3hrs), of which*	90,500	89,800	89,100
Lived within the catchment area with sole intention of walking	67,500	67,500	67,500
*Holidaying for another reason – staying in WCWC accommodation**	13,300	12,600	11,900
Holidaying for another reason – staying in remainder of West Cork	9,800	9,800	9,800
Total economically active walkers	109,500	117,100	124,700
Gross Expenditure			
Overnight - domestic	€1.9m	€2.8m	€3.6m
Overnight - international	€4.1m	€5.9m	€7.7m
Day tourist (over 3hrs)	€1.0m	€1.0m	€1.0
Total expenditure (gross)	**€7.0m**	**€9.7m**	**€12.3m**

Table 5.2 Economic Impact of Walking Tourism in West Cork (Continued)

Net Expenditure	Low	Medium	High
Leakage	10%	10%	10%
Gross expenditure minus leakage	€6.3m	€8.7m	€11.1m
Composite multiplier (induced and indirect)	1.6	1.6	1.6
Net expenditure (Economic Impact)	**€10.1m**	**€13.9m**	**€17.7m**
Employment			
Direct	1708	245	312
Indirect and induced	78	108	137
Total employment	**256**	**353**	**449**
** Please note that the slight decline in Tourist day walkers is due to the fact that within each scenario it is assumed that is a higher proportion of walking holidaymakers which consequently reduces the number of holidaymakers in the area for other purposes.*			

Table 5.3 Economic Impact on Industrial Sectors (based on medium range)

	Output (m)	FTE employment
Manufacturing	€1.3	16
Distribution/ Retail	€2.7	63
Accommodation	€4.1	133
Restaurants etc.	€1.7	60
Transport & Communication	€1.3	26
Financial & Bus. Services	€1.7	23
Recreation etc.	€0.2	3
Public Sector (inc. forestry)	€0.7	21
All other industries	€0.3	9
TOTAL	€13.9	353

Tourism Total

5.22 Walking tourism represents between 5% and 9% of the total tourism generated in West Cork (gross to gross estimation).

Potential future impacts

5.23 As walking tourism continues to grow there is increased potential for West Cork to capitalise on increased revenue. The following table illustrates the potential impact on net expenditure and employment by increasing number of walkers by 5, 10, 20, 50 and 100%.

Table 5.4 Potential Future Impacts of Walking Tourism (based on medium range)

Increase in number of walkers	Additional walkers	Additional net expenditure	Additional FTE jobs
5%	5,856	€696,420	18
10%	11,711	€1,392,840	35
20%	23,422	€2,785,681	71
50%	58,555	€6,964,202	176
100%	117,110	€13,928,405	353

Summary of Economic Impact

5.24 Assuming that the medium scenario is the more likely, it can be deduced that walking tourism is worth nearly €14m per annum in West Cork, which in turn supports up to 353 jobs. A relatively modest increase in the number of economically active walkers of 10% per annum would generate an additional €1.4m and support over 35 jobs.

Appendix A Economic Impact Assumptions

Table 2 Bednight and Occupancy Assumptions

	Bednight Assumptions (Nights available per annum)	Occupancy Assumptions
B&Bs	250	45%
Hotels	180	23%
Hostels	300	46%
Camping & caravan sites	365	57%
Self-catering	300	34%

Table 3 Catchment Areas and Number of Visits from Day Walkers

	Population within…			
	2 hours	90 mins	60 mins	30 mins
Total population	568,176	443,176	52,176	28,128
Regularly participate in walking (58%)	329,542	257,042	30,262	16,314
Walkers to West Cork - economically active (%)	5%	20%	60%	90%
Walkers to West Cork - economically active	16,477	51,408	18,157	14,683
No. of visits a year per walker	0.1	0.5	1	1.5
No. of visits a year	1,648	25,704	18,157	22,024

Appendix B West Cork Tourism Calculations

The total occupied bedspaces was estimated by applying the occupancy and bednight assumptions (see Table 2) to total bedstock in West Cork. This equated to 1.5m occupied beds.

This was divided by 4 to provide an average number of visitor trips per annum. This equated to just over 379,000 trips.

It was assumed that all these trips were by holidaymakers and people visiting on business. The same split of total holidaymakers and people on business that is demonstrated across the whole of the South West was applied here. In other words, 86.4% of the 379,000 are holidaymakers and the remaining are people on business.

The population that resides in West Cork as a percentage of the South West was applied in order to estimate the number of visits to friends and relatives and ‘other’ tourists.

This provided the total number of tourists who are on holiday, business, visits to friends and relatives and others. The split by domestic and non-domestic visitors remained the same as per the total for the South West. Average expenditure and average length of duration also remained the same as per South West.