



TOURISM
ECONOMICS

THE ECONOMIC CONTRIBUTION OF TOURISM TO JERSEY: THE PRODUCTIVITY OPPORTUNITY

A REPORT FOR VISIT JERSEY

MAY 2017

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by **Tourism Economics (an Oxford Economics Company)**

DISCLAIMER

This report was commissioned by Visit Jersey and undertaken by Oxford Economics. The opinions expressed in it are those of Oxford Economics and not necessarily those of Visit Jersey or any other body associated with Jersey.

Oxford Economics would like to thank all consulted stakeholders for their comments and input in understanding the nature of the tourism industry. Key stakeholders included the Visit Jersey Board as well as other representatives from the Jersey public sector, private businesses and individuals.

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EXECUTIVE SUMMARY

8.3%

The total contribution of tourism to GVA in Jersey

Tourism activity in Jersey makes a significant contribution to the local economy, albeit smaller than the crucial financial services sector:

- The **total** impact of tourism is equivalent to 8.3% of GVA, taking wider impacts in account; including indirect impacts on other sectors through the supply-chain as well as induced impacts of spending by those employed within the tourism sectors.
- In total Tourism supports more than 7,000 jobs across all sectors, equivalent to 12.6% of all employment on a headcount basis.
- Tourism infrastructure is linked to wider economic activity and helps to support the current standard of living in Jersey.
- More productive use of current resources would enable growth in visitor arrivals and spending and an economic boost.

Calculation of direct and wider impacts is consistent with the standard Tourism Satellite Account (TSA) approach and following the UN-Statistics Division approved Recommended Methodological Framework (TSA: RMF 2008). This allows clear comparison of the sector against both wider economic activity within Jersey and also against other countries and regions.

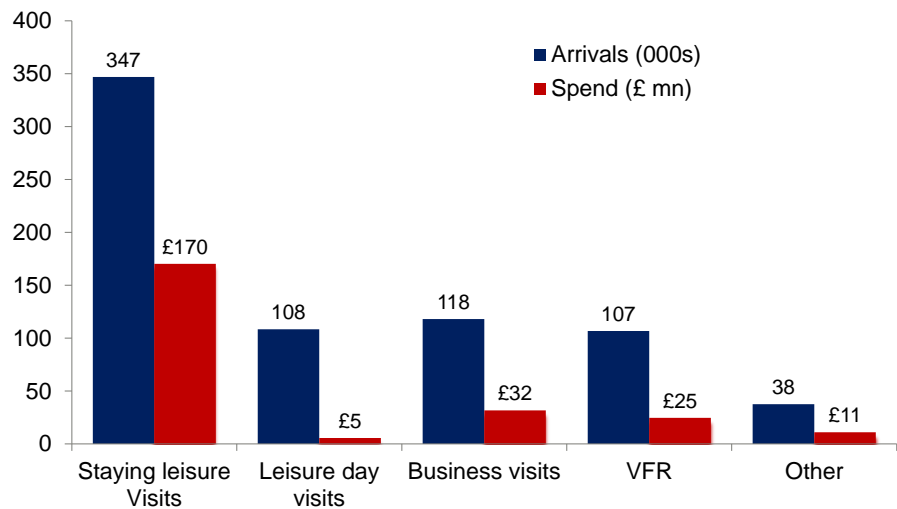
60%

UK staying leisure visitors share of tourism spending

Staying leisure visitors account for the majority of spending

Foreign visitors are responsible for the bulk of tourism spending within Jersey and staying leisure visitors account for around 70% of that. Staying leisure visitors account for slightly less than half of all visitor arrivals, but on a per trip basis they are the highest spenders. Business visitors typically spend more on a per night basis, but with a short length of stay. The UK remains the largest single source market.

Inbound Tourism by Type of Visitor



Source: Tourism Economics

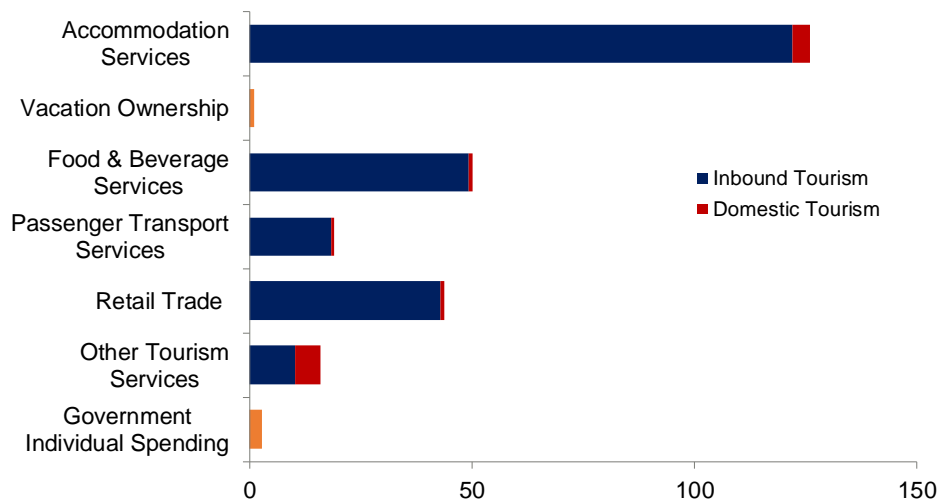
Half of all spending by tourists in Jersey is on accommodation services.

Accommodation services receive a large share of spending

Just under half of all spending by tourists in Jersey was on accommodation services. This is a higher proportion than in many other destinations partly due to the different mix of visitors as Jersey attracts a lower proportion of day visitors than many other destinations due to geographic constraints. Supply-side factors are also part of the reason as Jersey is not home to any of the major transportation companies so any spending on air fares or ferries cannot be counted as part of the economic benefit for Jersey.

This may also be indicative of some relatively high hotel rates in Jersey and a potential need for diversification in the accommodation offer, along with a need for further paid attractions and activities for visitors.

Tourism Spending by Category (£mn)



Source: Tourism Economics

77%

The direct contribution of tourism to the output of hotels, restaurants and bars

Hotels and restaurants are highly reliant on tourism

Tourism spending accounts for the vast majority of the gross revenue received by hotels and a large proportion of revenue for restaurants. Combined, 77% of output in the hotels, restaurants and bars sector was generated by tourists in 2015. The remainder of output is generated by regular local use of facilities

Tourism spend also supported around 10% of all output in the transportation and communications sector (primarily land transport within Jersey) and almost 5% of all activity by the retail and wholesale sector.

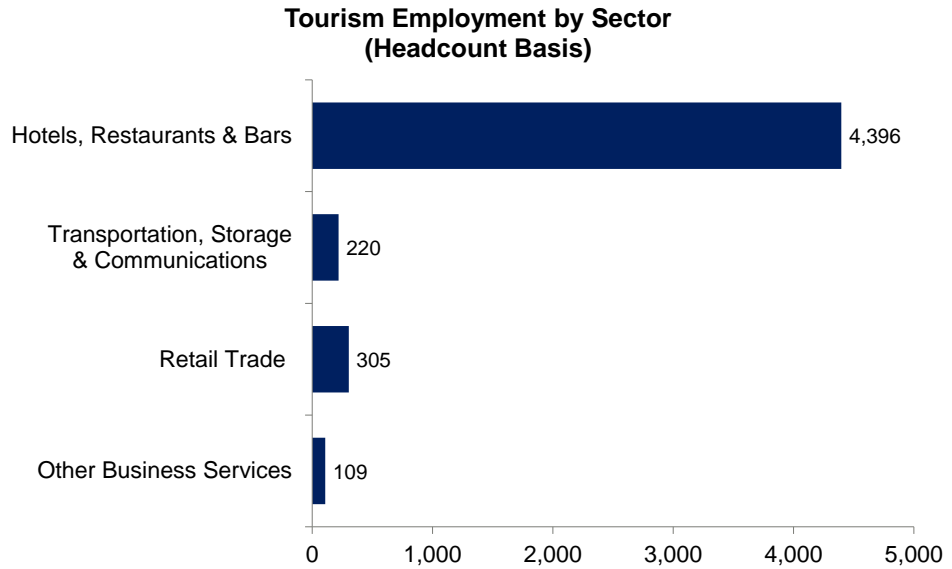
3.7% GVA directly generated by tourism

Overall, spending by tourists directly generates 3.7% of GVA, or £153 million, in Jersey in these tourism facing sectors. This compares favourably with the impact in the UK and other similar destinations despite an established trend of falling arrivals.

Tourism activity directly generates a significant proportion of jobs in Jersey.

Over 5,000 jobs (8.6% employment) directly generated by tourism

The tourism sector directly generates 8.6% of employment in Jersey, in terms of headcount, over 5,000 jobs per year on average. This includes a sizable minority of part-time employment but almost 70% of these jobs are full-time across a wide range of skill levels.

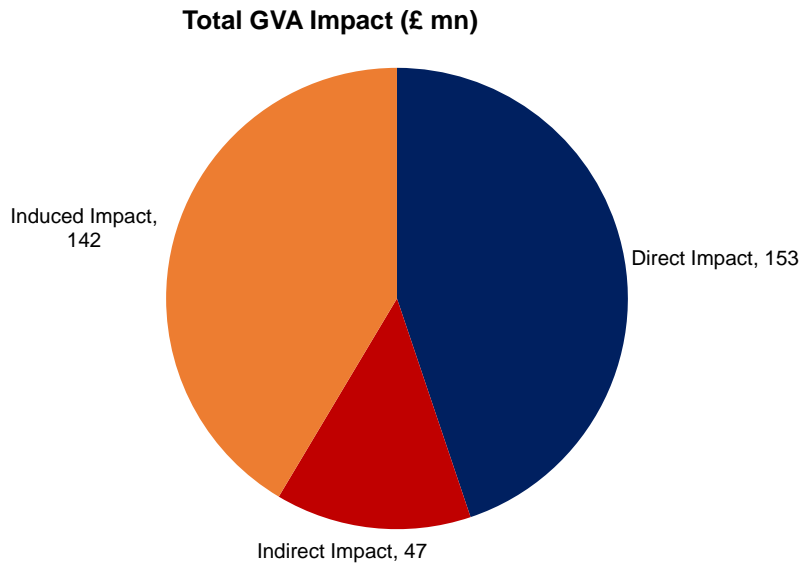


Source: Tourism Economics

Tourism spending benefits a wide range of sectors across the economy.

8.3% GVA supported by tourism in total

The total economic impact of tourism spending in Jersey goes beyond this direct impact and the total impact on GVA is more than double the direct impact.



Source: Tourism Economics

In total, tourism spending supports £432 million of GVA in Jersey, equivalent to 8.3% of the whole economy output.

An indirect benefit of £47 million is generated for domestic Jersey businesses which supply goods and services to the tourism sector. This calculation accounts for import leakages and the relative size of this benefit is smaller than in other destinations such as the UK as a whole. A higher benefit for other sectors could be generated from greater use of Jersey produced goods, such as milk, potatoes and oysters in hotels and restaurants serving tourists.

Tourism employees also generate additional impacts by spending wages on the island. Even though tourism in Jersey is currently reliant to some extent on part-time and migrant workers, these employees still spend a large proportion of earnings on the island making a further large contribution to economic activity. This induced benefit is worth an estimated £142 million to the Jersey economy.

In total, tourism spending supported 8.3% of GVA and 12.6% of all employment in Jersey in 2015, taking into account the indirect and induced impacts.

12.6%

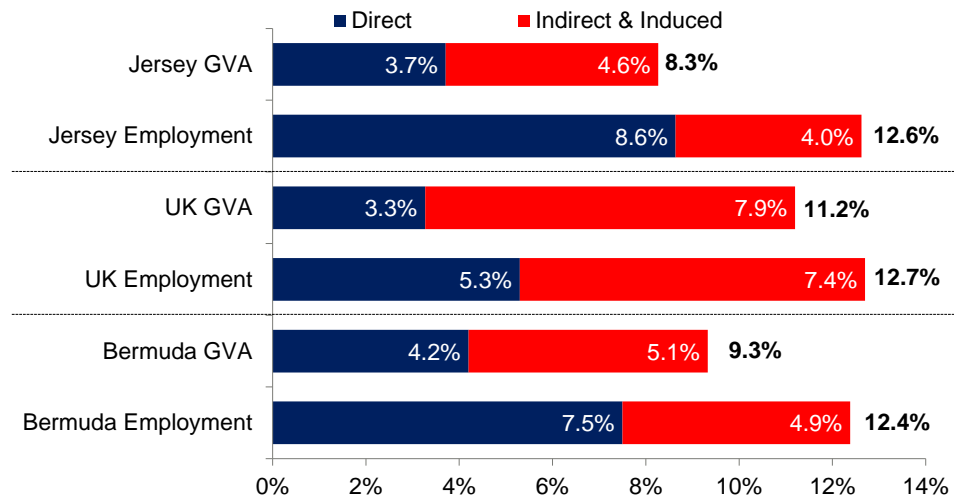
The total contribution of tourism to employment in Jersey

Comparable impacts are evident in other destinations

The direct impact of tourism to Jersey GVA is broadly within a comparable range of impacts estimated for Bermuda and the UK, but with scope for growth in the sector. The impact is lower than in both Bermuda and Greater London which have a similar economic structure including a large developed financial services sector. There is some scope for growth in the tourism contribution within Jersey.

Total GVA & Employment Impact Comparison

% share of total GVA and Employment



Source: ONS, WTTC, Tourism Economics

The total impact on employment is similar across Jersey, the UK and Bermuda despite some large differences in direct employment impacts. The percentage contribution to employment in Jersey is much higher than the contribution to GVA, with a larger gap than for the same measures in Bermuda and the UK. This difference is due to a larger difference in relative productivity, partly related to the economic structure and the larger share of activity accounted for by financial services in Jersey.

Tourism facilities benefit the resident population as well and help to improve the standard of living.

Benefits extend beyond the GVA and employment impacts

Tourism spending raises significant tax revenues for the Jersey Treasury and it is estimated that around 15% of all Goods and Services Tax (GST) revenue is derived from tourism spending. All tourism services, including hotels and restaurants are subject to GST.

Jersey residents also benefit from the availability of tourism infrastructure in daily activities. Hotels and restaurants largely cater to foreign tourists but are also available for use by Jersey residents. A wider variety of establishments are available than if the market was catering for just the local population. Jersey residents also benefit from a range of transport linkages. This helps to improve the standard of living for the resident population within Jersey and raises the attractiveness of Jersey as a location for the higher value added financial and business services companies.

The Jersey Financial Services Industry Policy Framework (2014) recognises that the finance industry and the tourism industry share the objective of ensuring good transport connections and making Jersey an attractive place to visit as well as reside.

The financial sector spends a reported £1 million a day on local goods and services in Jersey ranging from rent to office supplies on the island according to Jersey Finance (2013). There is a clear need for high-quality hotels and restaurants as well as wide ranging sport and leisure facilities to support the lifestyle enjoyed by those employed in the financial services sector. Preservation of the island's natural landscapes as well as connections to other finance centres and international hubs are also supported by both tourism activity and the financial services sector.

Existing resources, including labour, can be used more productively.

Opportunities to improve tourism productivity

Labour productivity in tourism businesses is lower than the average for Jersey as a whole, but this does not necessarily mean Jersey tourism businesses are unproductive. Whole economy productivity in Jersey is raised by the presence of the large financial services sector which has a very high output per employee. Comparison with London and the UK shows broadly comparable output per employee across a range of similar sectors.

Tourism resources are not used productively outside of peak season months.

Labour Productivity by Select Sector



Source: ONS, Tourism Economics

However, there are clear opportunities to increase productivity relative to labour and other inputs. Resources are under-used in shoulder seasons and a reduction in seasonality will boost sector output. This will require greater focused marketing and events planning as well as ensuring reliable transportation infrastructure during these periods. Tourism Economics also believe that further productivity gains would arise from some increased focus on required tourism skills among the resident population, including best practice use of available digital infrastructure.

The tourism sector provides employment opportunities across a range of skill levels. Tourism Economics believe that some focus on training the resident population can help to meet requirements and would reduce the need for migrant workers.

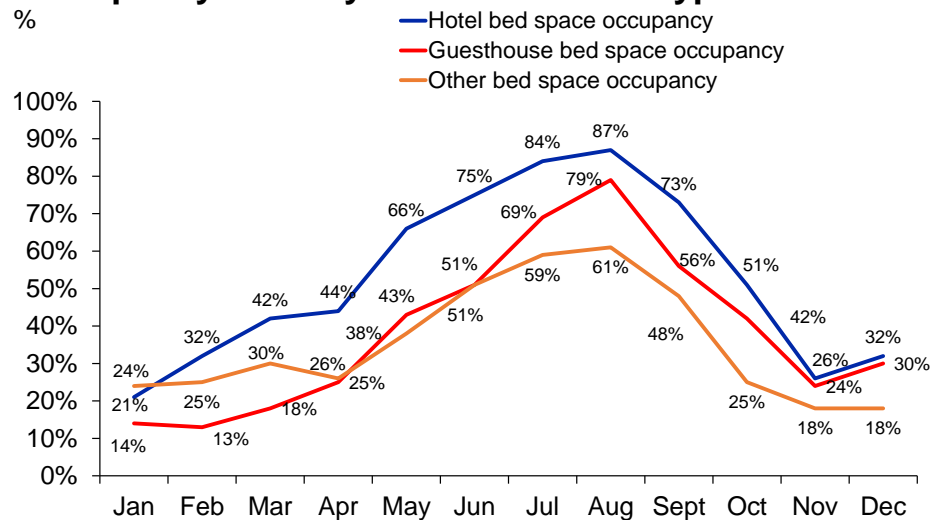
Some diversification in the visitor profile would help to reduce seasonality.

Travel to Jersey is very seasonal

Occupancy in all types of accommodation establishments is highly seasonal and is significantly higher in the months May-September than during the remainder of the year. This calculation accounts for the fact that the number of available bed places is around 60% higher during these peak months.

Employment in the tourism sector is also lower in winter months as many businesses close, or scale back operations, but the fall in guests and spending is much greater. Ratios of visitors to employees are much lower during the off-season than during the peak season. Current resources would be able to accommodate more visitors outside of peak months.

Occupancy rates by accommodation type



Source: Tourism Economics

Shorter trips can reduce seasonality

Efforts in comparable destinations show that people are more inclined to take shorter breaks outside of peak months. An increased focus on attracting people taking short breaks, such as long weekends, rather than longer trips can help to reduce seasonality, by growing arrivals in all months.

Some diversification in available accommodation may help to attract a broader visitor set. This could include some consolidation in current capacity, notably among the smaller guesthouses, including adoption of best practice in ICT. This could allow more productive use of labour across a number of small properties, with co-ordinated payroll and rota systems, as well as efficient marketing.

Tourism Economics believe that specific events, and more efficient use of Jersey’s natural assets, could raise attractiveness and arrivals in shoulder seasons. Better marketing of the islands assets including archaeology, nature and outdoor activities could be beneficial.

Reliable transport links are essential as a poor service can dissuade potential travellers.

Reliable transport links are essential

Current transport capacity is extensive and sufficient to allow growth but some of the usual seasonal reductions in flight capacity cuts may need to be reconsidered to attract more year-round tourists.

Reliable, safe and comfortable transport links are essential to attract and retain visitors as a poor service can act as a deterrent to potential travellers. A negative reputation could be associated with Jersey as a destination and dissuade some potential visitors from travel to the island.

Targets can be achieved even if Jersey were to lose some market share from major source markets.

Growth towards 2030 ambitions are achievable

The downward trend in travel to Jersey witnessed over recent decades is not inexorable and there is clear scope for a return to growth. More productive use of the current capacity can help deliver Visit Jersey's ambitions for one million visitors and higher tourism revenue.

The staying leisure visitors from the UK will remain important for future performance and should not be rejected. There is scope for expansion among the current core demographic of over-55s who are typically high spenders and provide a large proportion of the high volume of repeat visitors to Jersey.

Some diversification towards a younger market, may help to reduce seasonality and allow growth, but the wholesale changes in the nature of the island and the tourism offer should be avoided. There is also clear potential to attract more visitors from continental European markets.

The ambition of one million visitors by 2030 can be achieved even if Jersey were to lose some market share from major source markets. Jersey can meet targets and also remain something of a niche destination for higher spending visitors.

1. THE VALUE OF TOURISM

1.1 ECONOMIC IMPACT OF TOURISM

Tourism plays an integral role within the Jersey economy. Monitoring tourism's contribution will provide evidence to inform strategic decision making by Visit Jersey regarding the future development and marketing of tourism. Economic impact analysis for tourism informs such decisions because it measures tourism on a comparable basis to other sectors within the economy.

Most economic sectors, such as energy and financial services, are easily defined within economic statistics because they are distinct sectors with measurable employment and production value. In contrast, tourism is not so easily measured because it is not a single industry. It is a demand-side activity, defined by visitors, which affects multiple sectors to various degrees. Tourism spans nearly a dozen sectors including accommodation, recreation, retail, real estate, air passenger transport, food & beverages, car rental, taxi services, and travel agents. It is therefore necessary to adopt a more tailored approach to measuring the economic impact of the tourism sector.

The Tourism Satellite Account (TSA) is the United Nations-approved method for measuring the contribution of tourism to the economy. It is called a "Satellite Account" because it is adjunct to the national accounts of a country and mirrors the measurement system for the national economy. The TSA deals with the challenge of measuring tourism in two important ways. It defines the tourism economy and then provides a methodology for calculating tourism GVA and employment in a way that is consistent with standard industry accounts. The standard has been adopted by multiple destinations around the world.

The World Travel and Tourism Council (WTTC) annual research¹ shows that the tourism sector generated 9.8% of global output and 1 in 11 jobs worldwide in 2015. This research collates all of the published TSA data and estimates similar impacts for all other countries worldwide. Within the total impact, the tourism sector directly contributed 3.0% of total output with the remainder coming through wider indirect and induced impacts.

The economic importance of tourism to a destination is often underestimated and extends well beyond core hospitality and transportation sectors. Indirect benefits exist for other sectors through the supply chain, while induced benefits are evident as a result of the spending of additional wages earned in the sector. As a small island economy, Jersey likely has greater import leakages and smaller benefits than some other destinations, but there is the potential for tourism to support a vast array of jobs in Jersey. Much of the infrastructure and facilities are already in place to support a thriving tourism economy, but these are currently being underutilised, especially off-season.

Within the indirect benefits, tourism supports a large amount of maintenance and new construction investment. Redevelopment and construction of

9.8%

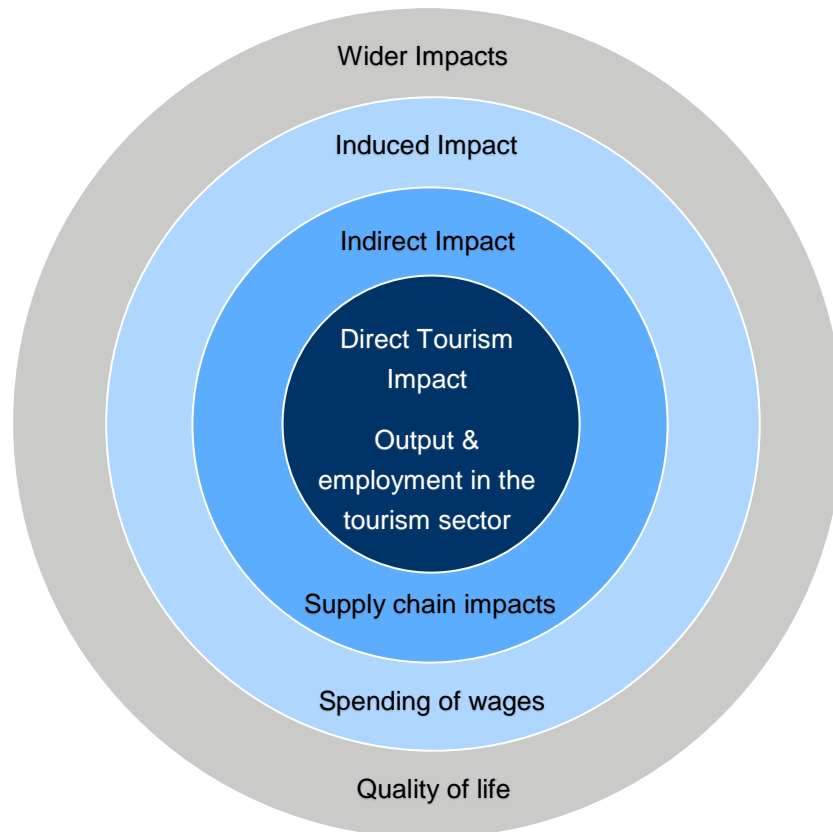
The total contribution of tourism to global output

¹ Carried out by Oxford Economics on behalf of WTTC.

accommodation properties as well as attractions provides support for the construction sector.

1.2 WIDER BENEFITS OF TOURISM

Increased tourism can have major local spin-off effects. As well as providing jobs directly with the industry, tourism can support indirect jobs in other industries such as agriculture, food production, and retail. In the case of Jersey, this additional employment can provide economic diversification and protect against external shocks.



Tourism facilities can improve the standard of living for local residents.

In addition, tourism helps to develop flight connections and greater air connectivity can provide a number of positive contributions. It can open up new markets and favours international trade, and can bring in additional investment funds. Prior studies² show that destinations with a higher concentration of visitor-related industries have tended to grow faster than average over the past decade; employment shifts in the visitor economy are followed in subsequent years by sustained changes in growth in other sectors of the economy. Hospitality and tourism tends to generate more jobs than other major traded clusters.

² See: 'Destination promotion: an engine of economic development – how investments in the visitor economy drive broader economic growth', Oxford Economics (2014).

Better air transport also affords Jersey residents the wider opportunities for travel for business or leisure while the development of other tourism infrastructure has the potential to benefit the local community and increase the standard of living. For example, it seems likely that Jersey has a wider range of restaurants than would have been the case without a substantial tourism economy on the island. TripAdvisor lists 307 restaurants on the island, roughly one for every 330 residents on Jersey.

This benefit to the quality of life supports the crucial financial services sector in Jersey by providing some greater choice for the £1 million a day which is spent on local goods and services in Jersey according to Jersey Finance (2013). Financial services employees are able to enjoy a high standard of living with greater choice in restaurants and activities than would otherwise be the case. Air routes to major destinations are also supported by tourism activity which can be used by residents.

Tourism can also provide financial support and a greater incentive to preserve historical and cultural heritage as well as ecosystems, all of which make a destination more authentic and desirable to visitors. This helps encourage a sense of pride and identity within communities through the maintenance of their distinct characteristics of their ways of life, history and culture. Tourism can encourage the preservation of traditions which may have otherwise been at risk of disappearing.

1.3 COMPARABLE DESTINATION TRENDS

In terms of economic structure Jersey is similar to London or Bermuda but these rely on different source markets.

Travel to Jersey has fallen over a number of years having received a peak number of visitors around 35 years ago; and since 1992 staying leisure visitors from the large UK market have halved. However, over the same time, global tourism demand has grown significantly. Since 1992, the number of trips taken worldwide has more than trebled and arrivals in EU destinations have almost doubled. Travel demand from the UK alone has also almost doubled over this period and Jersey has lost share of this key source market.

In looking at comparable destinations two different sets of markets are considered. First, destinations which are reliant on similar source markets are considered, and notably those reliant on demand from the South-Eastern corner of England. These destinations can provide important context to help understand trends in terms of arrivals growth and the types of visitors, but they have a different economic structure and the economic impact of the tourism sector differs considerably from that in Jersey. To better understand the relative impacts a further set of comparison destinations are considered. In terms of economic structure, Jersey is similar to cities such as London or islands such as Bermuda, characterised by a high share of GVA being attributable to financial and legal services.

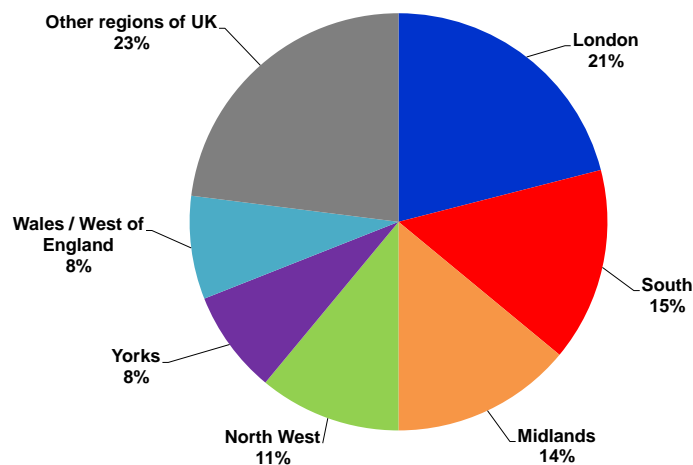
1.3.1 Trends in destinations relying on similar markets

Comparator destinations can be determined by considering other destinations visited by travellers from Jersey's main source markets. The UK is the single largest source market for Jersey and roughly half of these come from the South Eastern corner of England roughly bounded by Birmingham, Southampton and

the London area. Comparator destinations should involve relatively short journeys from the South East of England.

Destinations in the South East of England itself provide some reasonable comparisons while the South West of England also fits a similar profile. Data for visitors to the South West of England from the Great Britain Tourism Survey (GBTS) are on the basis of the more usual Government Office regions, and arrivals are from a similar mix of regions as travel to Jersey. More than fifty percent of domestic visitors are from London, the South East or the West Midlands.

Source region of UK Staying Leisure Visitors

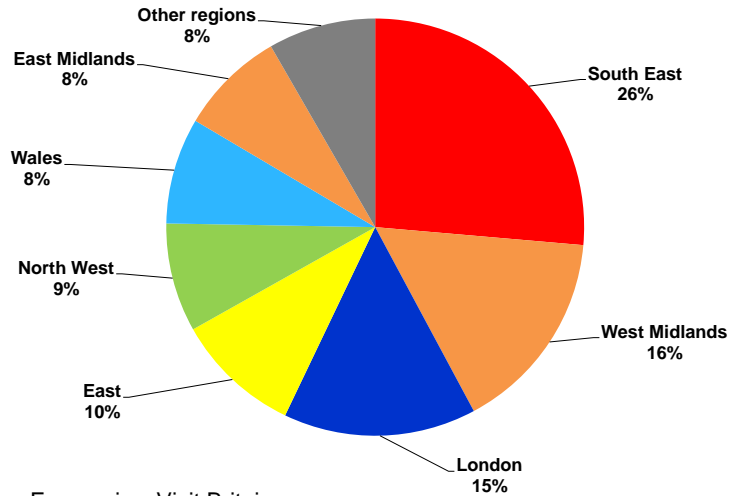


Source: Tourism Economics, Visit Jersey

Other destinations relying on the UK market have seen falling travel demand in recent years.

Comparator regions should also share other attributes with Jersey and should ideally be either small islands or have extensive coastlines. They should also face similar economic challenges to Jersey although few potential destinations have particularly substantial financial services sectors as Jersey does. One exception is the Isle of Man, although data are more limited for that destination than for UK regions. Other than this the economic attributes relate mainly to the tourism sector itself. Many of the comparator regions face the same issue: they were once popular tourism destinations but increased low-cost air travel has opened up a wider range of destination choices.

Source region of visitors to South West England (excluding home region), 2015



Source: Tourism Economics, Visit Britain

Following these criteria, key comparator destinations include the following. Direct comparisons are limited by available data:

- Parts of South West England, especially Cornwall;
- Parts of coastal South East England such as Sussex;
- West Wales, especially Pembrokeshire;
- The Isle of Wight;
- The Isle of Man;
- Brittany;
- Parts of the West Coast of Ireland.

The greatest discrepancy between these selected regions is physical size. Jersey is a mere 46 square miles, making it only one thirtieth the physical size of Cornwall and 285 times smaller than Brittany. Even the Isle of Wight and Isle of Man are considerably larger at 147 square miles and 221 square miles respectively. Therefore, it is understandable that some residents of Jersey are concerned about the potential impacts of an expansion in tourism and tourism capacity and visitor volumes will vary considerably across these destinations.

Some of Jersey’s competitors have better access to the large market of London and South East England. Jersey lies at the upper end of non-air travel times from London (i.e. by train / ferry).

Destination	Approximate time from Central London by land/sea
Eastbourne, East Sussex	1 hr 45 mins
Ryde, Isle of Wight	2 hrs 30 mins
Weymouth, Dorset	3 hours
Tenby, Pembrokeshire	6 hours
St Ives, Cornwall	6 hrs 15 mins
Douglas, Isle of Man	6 hrs 30 mins
St Helier, Jersey	8 hours

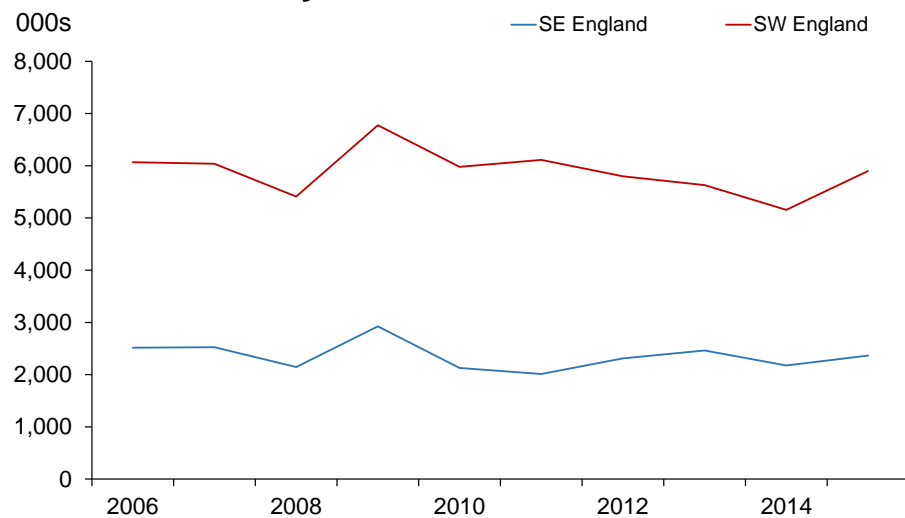
The vast majority of UK visitors to Jersey travel by air which involves a shorter travel time of around 1 hour, plus sufficient time for check-in and security screening, but involves a higher cost.

Many of these markets are attempting to regain lost market share and are characterised by a skew towards older visitors. The Dorset Culture & Tourism Action Plan 2015 – 2018, for example, identifies the fact that over two thirds of visitors to that area are over 45 years of age with a particular shortage of young families with children. The plan also targets an increase in short breaks as some of the longer-run loss in market share is due to growth in UK overseas travel, which is likely to continue. There is scope for UK domestic destinations to offer weekend breaks or be second holiday destinations.

UK domestic travel to the South West and South East regions has been falling over the past ten years. Total visitor volumes on overnight trips to the South West were 3% lower in 2015 than in 2006, while travel to the South East fell 7%.

Holiday travel to seaside destinations in the South West and South East regions has also lagged total demand from the UK, including some loss of market share, but the overall trend over this ten year period is relatively flat. Travel to these destinations picked up in 2009 as the value of the pound fell, and some further improvement in 2016 and 2017 is likely given recent movements in sterling.

Domestic Holiday Arrivals: Seaside Destinations



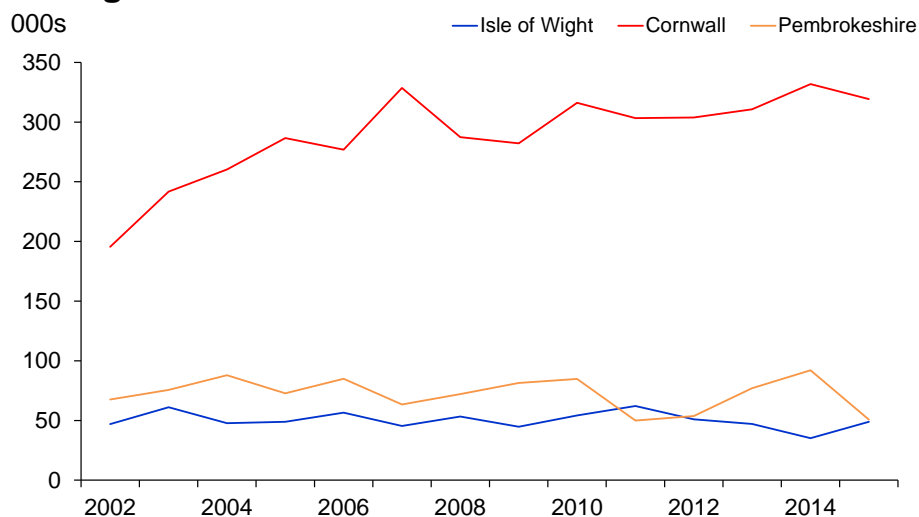
Source: Tourism Economics

Total holiday travel to these regions as a whole performed slightly better over the same period, with some moderate improvement in the share of UK domestic travel to non-seaside destinations. This is especially evident for the South East region. It appears that the visitors to these regions are increasingly looking for more than a 'traditional' seaside destination and a more diverse mix of attractions can boost growth. There are clear opportunities for growth in select destinations within these regions if development suits the needs of target travelling population.

Overall UK domestic demand has been falling, but there is clear scope for growth in some segments.

Similar travel trends are evident for the Isle of Man, although data are sparser, but data beginning 2010 shows a flat profile in terms of total visitor arrivals (the majority of which are from the UK).

Foreign Visitor Arrivals



Source: Tourism Economics

The opportunities for growth in certain UK destinations are clearer in recent data for foreign visitor arrivals. This represents a much smaller proportion of the market, as destinations are heavily reliant on UK domestic demand, but data allows some visibility of the trend by more detailed destination. A clearer upward trend is evident for Cornwall within the South West over the past 15 years, while travel to other key comparable destinations of Pembrokeshire and the Isle of Wight has been flat.

Declining UK demand in comparator destinations should not be interpreted as the established trend if the right tourism products are developed. Better performing destinations have done their best to evolve their tourism products, recognising that most UK visitors will continue to take their main holiday abroad. They have invested in new attractions, such as the Eden Project, to attract a year-round audience; recognised the importance of events tourism; and targeted a different mix of visitors.

1.3.2 Comparators based on economic structure

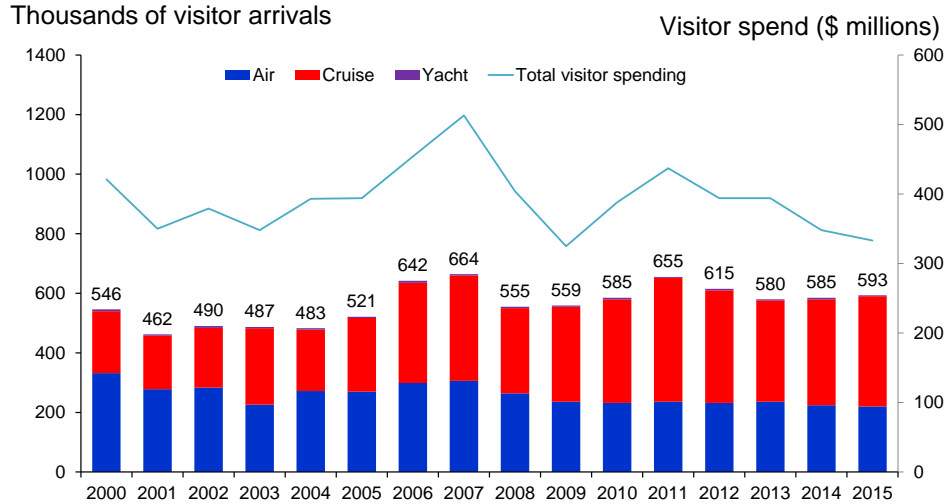
When assessing the economic impact of tourism in Jersey the same destinations cannot be used for direct comparison due to the high proportion of economic activity accounted for by the crucial financial services industry on the island. Within the UK, a better comparison would be against London with its large financial services sector. Bermuda also offers a useful comparison in terms of economic impact as it is also a small island economy with a large financial and business services sector.

Bermuda

Bermuda has one of the highest incomes per capita in the world and an established reputation as an off-shore financial centre. However, it also has a

considerable tourism industry, accounting for a direct share of GVA of a little over 4%.

Bermuda - annual arrivals and visitor spend



Source: Oxford Economics, Bermuda Dept. of Statistics, HM Customs and Landing Cards

Bermuda’s tourism sector differs from Jersey with a strong focus on high-end luxury tourism for visitors from the United States. However, in spite of this, Bermuda’s tourism sector has also faced difficult times in recent years. This may be partly related to lower business travellers as the important financial services industry has also struggled, but also highlights the risks from a high reliance on one source market.

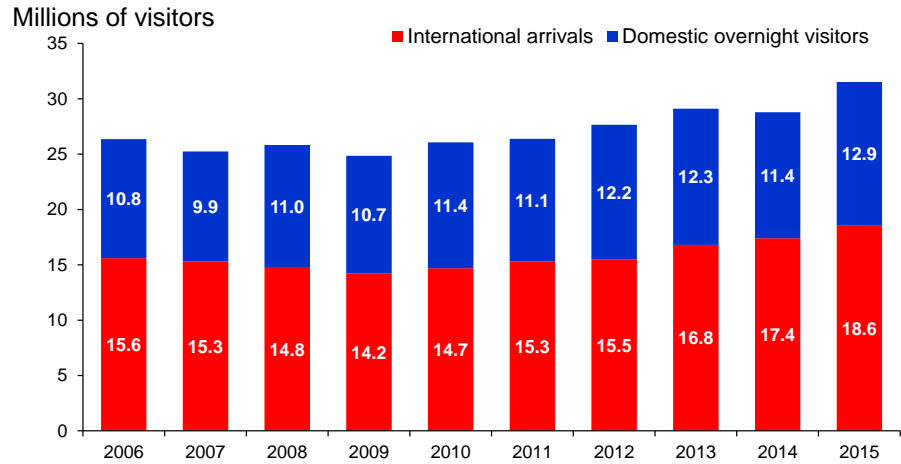
Total visitor volumes and spending peaked in 2007 and have yet to fully recover. Visitor spending is still currently around 35% below annual peak, while spend per visitors has been in sharp decline since 2011 even though total visitor arrivals have been broadly stable.

The proportion of cruise visitors has increased significantly, which has helped to support overall volumes, but partly explains the lower spending. Average spend per cruise visitor is \$120 compared to the average spend per air visitor of \$1,177 in 2015.

London

London presents a very different picture in terms of recent trends as record levels of international arrivals have been achieved in recent years, helped by the weakness of sterling. This is distinct from other UK destinations which are more reliant on domestic visits, although London has also enjoyed sizable and growing demand. The International Passenger Survey recorded 18.6 million visitors in 2015 spending £11.9 billion. Domestic overnight visitors fell just short of 13 million in 2015 according to the Great Britain Tourism Survey.

Greater London - annual arrivals and domestic overnight visits



Source: Oxford Economics, GBTS, GLA Economics, Visit Britain

The majority of travel to London is to the Inner London boroughs, especially international travel. However, the relative economic impact is lower due to the relative importance of the financial and business services sectors. Tourism directly accounts for a little over 4% of GVA for Greater London, similar to in Bermuda, but this varies across the city. Tourism generates 7% of GVA in Outer London boroughs and around 3% GVA for Inner London.

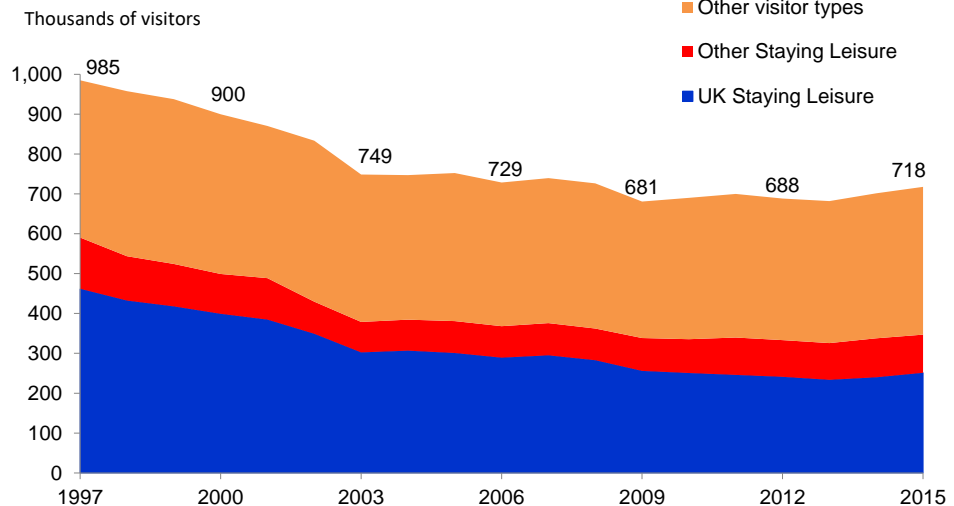
2. TRENDS IN TOURISM IN JERSEY

2.1 OVERVIEW OF TOURISM IN JERSEY

Travel to Jersey peaked around 35 years ago and has since followed a trend of falling market share, most notably in terms of staying leisure visits from the UK.

Over a six year period, Jersey lost nearly a quarter of its visitors.

Visitor volumes - change over time



Source: Tourism Economics, States of Jersey, Visit Jersey

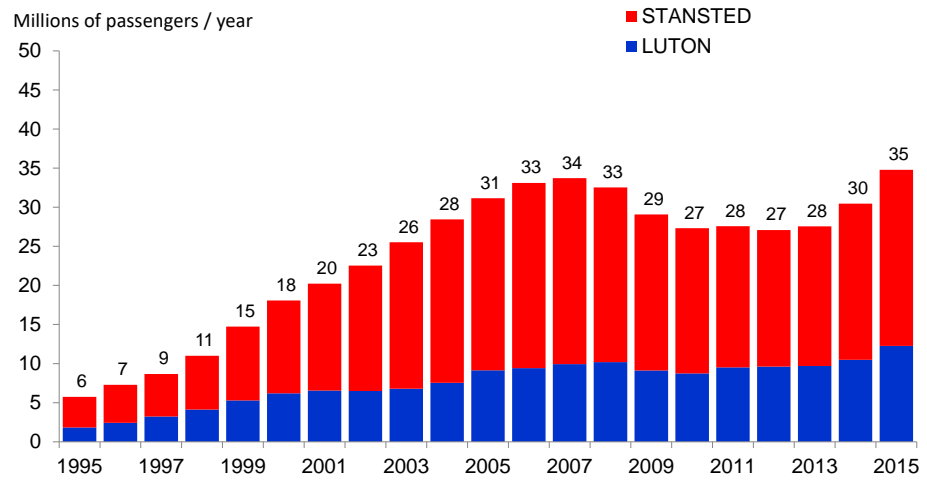
In 1997 – the first year for which there is a complete set of data for all types of visitors – Jersey’s annual visitor volume was close to its current ambition of one million visitors. However, over the subsequent six years, Jersey lost nearly a quarter of its annual visitors including more than a third of its key UK Staying Leisure Visitor market.

Within the ‘Other visitor types’ leisure day visitors were also on a steep downward trend although these stabilised in the mid-2000s and have since even risen a little. However, during this period UK visitor numbers expanded – partly on account of increased cheaper connections with Continental Europe as well as through domestic demand.

It is likely that this was driven, at least in part, by the rise of low cost airlines offering travel to a range of new, cheaper destinations. Operators such as EasyJet and Ryanair massively expanded total flights from airports such as Luton and London Stansted. Passenger numbers from low-cost operator airports are used here as a proxy for this range of new destinations.

The number of conference delegates fell very steeply between 2011 and 2014. While future expansion will have to come mainly from the leisure sector, no destination can afford to take its eyes off the important business and conference travel sector. Average spending by conference delegates, and also for other business travellers, tends to be higher per day than for leisure visitors.

Total passengers, Luton & Stansted

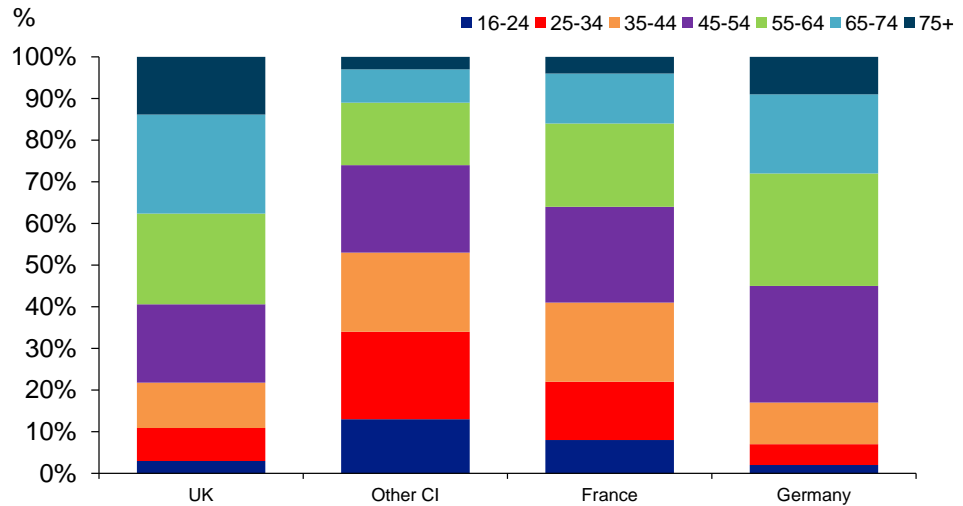


Source: CAA, Tourism Economics

Jersey typically attracts an older demographic, offering opportunities for growth as well as long-run challenges.

Jersey has tended to attract visitors from an older demographic than average from Northern European markets. The UK market is particularly aged in its composition with 38% being 65 or over and 14% being 75 or over. The average age of UK leisure visitors is roughly 57, of German visitors 56 and of French visitors 48³. For comparison, the average age of a UK resident travelling abroad is 41 and will, obviously, be lower for some destinations which tend to appeal to younger people. The profile of visitors from other Channel Islands is rather younger, averaging 43.

Age of staying leisure visitors by source market



Source: Tourism Economics

Currently more than half of all visitors to Jersey are repeat visitors indicating some loyalty among this older demographic towards Jersey. This provides a solid base of visitors to build upon for future growth.

³ The average age of visitor across all source markets is 54.

There is potential to grow new visitor volumes from all demographics, but the product must fit demand.

Some of the UK regional markets attracting similar visitors identify this as a weakness and are aiming to attract more of a family market to provide a more sustainable basis for future growth. If younger visitors are not attracted, then eventually there will be no 'older market' to attract. And a more diverse mix of visitors can offer less risk during a downturn.

However, demographic trends show that a clear potential for growth in new visitors who have never visited Jersey with a continued focus on this core older demographic. ONS population projections estimate that whilst there were 14.9 million people in the UK aged 60 and over in 2014, that number will rise to 19.8 million by 2029 and 21.9 million by 2039. The proportion of the total UK population 60 or over will rise from 23% now to 29%. INED's population projections for Jersey's other main source market, France, suggest even steeper growth in the 60+ share of total population between now and 2040 – by which time nearly 32% of total population will be 60 years of age or more.

Some development in Jersey as a destination would still be required to continue to attract a large share of this growing demographic. The 55-year-old travellers in 2030 may not want exactly the same travel experience as today's 55-year old visitor. Attention should be paid to the evolving demands of this demographic group, as well as some attention to the demands of a younger audience who will be part of this older demographic in the future. But wholesale rejection of the older travellers and a move to fully embrace family travel is not required for growth.

Tourism spending growth has exceeded arrivals growth, potentially helped by this older demographic. Total tourism spend has risen around 5% since 2005. However, this is in nominal terms, and adjusting for inflation it is apparent that revenue in real terms is also in decline.

Over-55s typically spend more per trip than younger travellers.

Research by Visit England suggests that average spend per trip is slightly higher amongst older travellers, at least in part because average length of stay tends to be slightly longer. Over-55s have tended to have more leisure time as well as disposable income and have been less affected by economic downturns than other age cohorts.

Furthermore, as shown in a Centre for Economics and Business Research (CEBR) report for Saga⁴, over-50s households now account for the majority of travel and tourism spending in the UK and growth in holiday spend has been especially strong in cohorts over 65, reflecting both growth in their spending power and the fact that so many people are living more healthily into old age, enabling them to continue to enjoy travel and tourism.

Tourists within the older demographic currently attracted to Jersey can include some high spenders and should still be part of the visitor mix to Jersey. Current visitors should not be deterred under any new marketing activity. Indeed, there remains potential for further growth within this older demographic along with some younger visitors.

⁴ Travel and tourism and the over-50s: a report for Saga Travel, Centre for Economics and Business Research (2014).

2.2 DATA AVAILABILITY & QUALITY

Overall tourism data quality is reasonable within Jersey and allows calculation of a draft economic impact analysis and regular analysis of the sector's performance in some key areas.

But there are a number of areas in which data collection should be improved from the current available data, including some aspects of tourism for which there is no available data at present. These include:

Some additional data collection is required for more complete analysis of tourism impacts.

- There is currently no data for domestic day visitors on Jersey (residents of the island making day trips) and economic impact calculations do not include any impact from domestic day travel.
- A survey covering domestic overnight travel would also be required, as current data collection only provides an understanding of the number of trips and overnights taken, with no clear information on activities or spending patterns.
- More regular surveys of inbound travellers would also be required, and ideally on an annual cycle, as data on detailed tourism characteristics, are from the 2012 visitor survey.
- Some key indicators of hotel performance are currently not available, and notably Average Daily Rate (ADR). More regular tracking of hotel performance data would build a clearer picture of tourism activity.
- Passenger arrivals data, for air and sea routes, help to understand those industries, but there is limited indication of whether demand is from residents returning to the island or from visitors. More regular surveys could provide this information.
- Tracking of alternative accommodation is sparse, including no data on the likes of Airbnb. Given space constraints, alternative options can provide a key part of the future mix of accommodation options on the island.

It is recognised that some of these points are already being addressed with additional data collection in place for future years. A new visitor survey has been introduced, beginning July 2016, which will address the more regular tracking of visitor attributes. Visit Jersey is also working with STR to collect hotel performance data including ADR.

3. ECONOMIC CONTRIBUTION OF TOURISM IN JERSEY

3.1 DIRECT TOURISM IMPACTS

718,000 visitors generated £243 million in revenue for Jersey businesses.

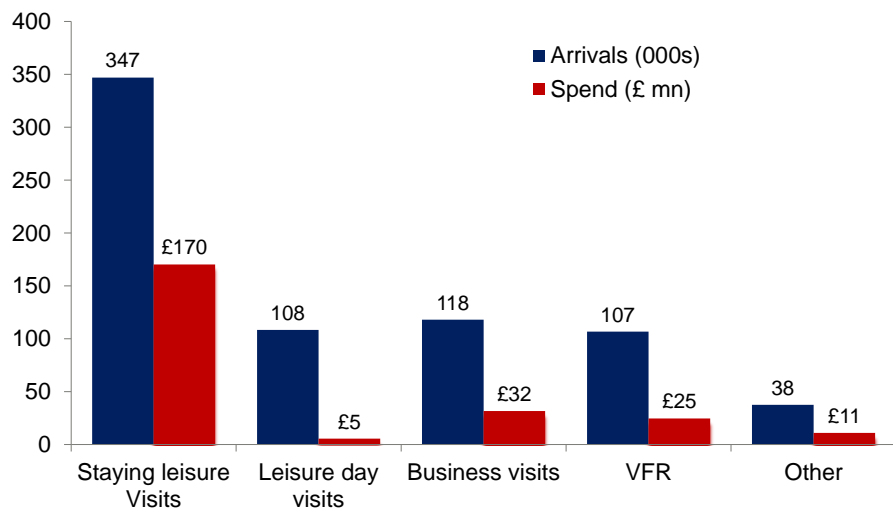
There were 718,000 visitors to Jersey in 2015 spending a total of almost £243 million on the island generating the bulk of the direct economic benefits. Average spend per person per trip was £338 with average spend per night of £94.

The overwhelming majority of this spend (£170 million, or 70% of the total) came from staying leisure visitors, helped by relatively high average length of stay and spending; staying leisure visitors only account for around half of the visitors to Jersey. 60% of the spending in Jersey by these visitors was on accommodation, while the next largest categories of spending were food and beverages and retailing accounting a combined 30% of spending.

Highest spending per night is for business travel but this comprises just 13% of all spending. While the impact of business visitors should not be overlooked, they do not provide large opportunities for growth. Business visitors spent £32 million in Jersey in 2015.

Leisure day visitors account for 15% of Jersey arrivals, but just 2% of all revenue, a total of just £5 million. Growth in day visitors may help to achieve targets of visitor volumes, but this low average spend per trip would make it challenging to achieve spend targets and to grow the economic impact in a meaningful way.

Inbound Tourism by Type of Visitor



Source: Tourism Economics

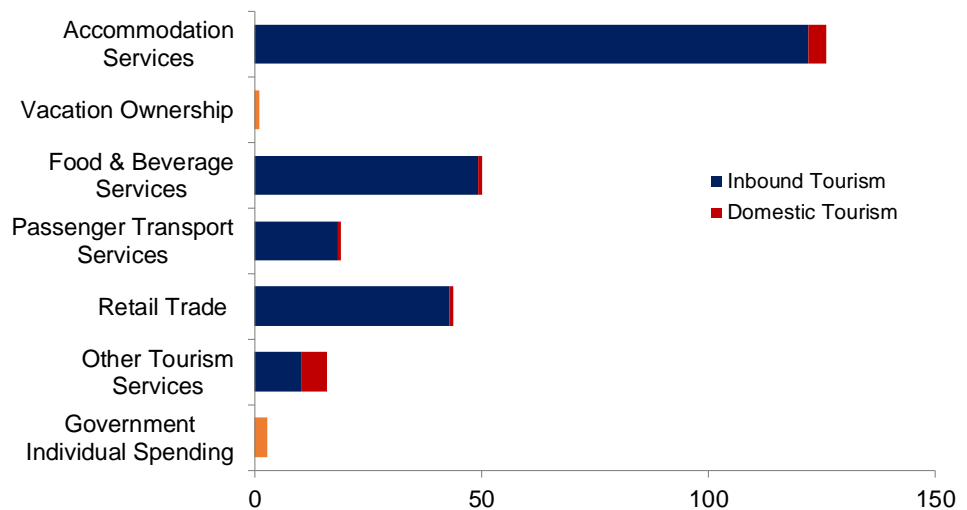
Half of the spending by all visitors was on accommodation. This is a higher proportion of spend than in the UK and other comparable destinations. Other destinations receive a greater proportion of revenue in transportation sectors, with domestic carriers benefitting from spend on travel to the destination, which

limits the relative impact of accommodation. Jersey is not home to any of the major transportation companies so receives a very small return to that sector. But even when excluding transportation, it is clear that spending in Jersey is skewed towards accommodation and may be related to some skew in available properties towards the top-end of the market. This also suggests that there is further scope to grow the number of paid attractions and activities on offer to visitors. This could particularly help to meet demand outside of the peak season with development of year-round attractions.

Domestic overnight tourism activity generated £12 million in revenue: less than 5% of the total.

Domestic travellers spent a further £12 million on domestic travel and in advance of overseas travel, which benefitted Jersey businesses. Roughly half of this amount was from overnight stays on island applying estimated spending patterns to data on the number of nights spent in accommodation establishments. The remainder of this spending was spending on transportation services and necessary equipment ahead of foreign travel, according to detailed household spending accounts. Spending will benefit Jersey industry and should be measured as part of the direct impact. Estimates do not include any impact from domestic day trips which are not quantifiable from any of the available data sources, but would likely be low given the small size of Jersey.

Tourism Spending by Category (£mn)



Source: Tourism Economics

Imputed rents on second home ownership added a further £1 million; estimated according to the known stock of empty homes for second homes as well as estimated usage of these and average rental rates. It is not clear whether ownership of second homes is by people who are ordinarily resident on Jersey.

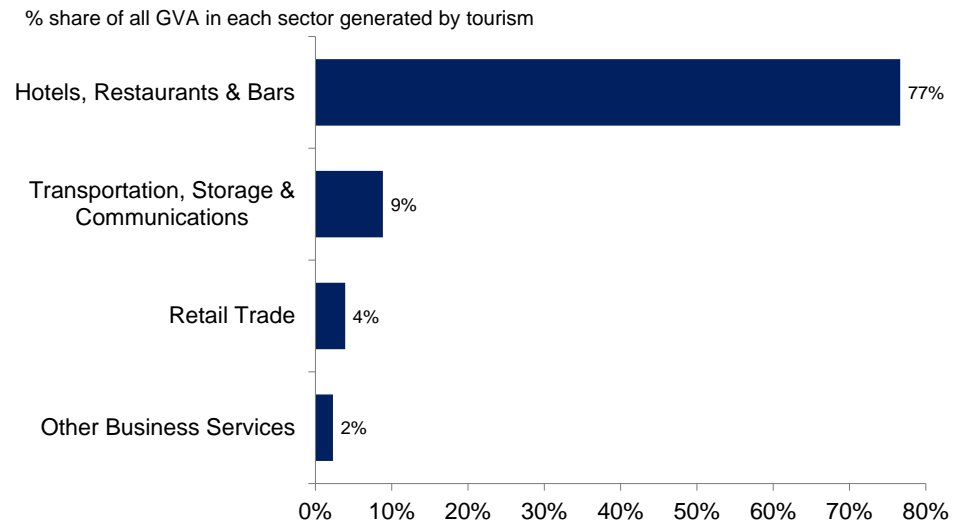
Government support of the sector provides an additional £3million benefit to the economy. This is the so-called government individual spending effect which includes public sector support of tourism facilities which could otherwise be funded by visitor payments. Other government support of tourism, including funding for Visit Jersey or development funds should ideally be included separately, as government collective spending following the standard TSA framework. These wider benefits are not quantified for Jersey due to some data limitations, but implies that wider impacts may be even higher than estimated here.

Tourism directly accounts for 3.7% of GVA in Jersey.

Total direct tourism spending within the Jersey tourism sector is therefore estimated to have been £259 million in 2015. Taking into account the structure of the component industries this relates to £153 million in gross value added (GVA); equivalent to 3.7% of whole economy GVA.

Hotels, restaurants and bars are the main beneficiaries of the output generated by tourism spending and 76% of the total GVA benefit is in this sector, consistent with the high amount of spending in this sector. And over three-quarters of the total output of hotels, restaurants and bars was generated by tourists, with the remaining quarter of output from local use of facilities. It is likely that almost all of the accommodation GVA was from tourism spend, with a higher proportion of output in restaurants and bars from local use. This is a consistent pattern to comparable destinations and shows how local residents can benefit from tourism facing facilities.

Share of GVA by Sector Generated by Tourism Spend



Source: Tourism Economics

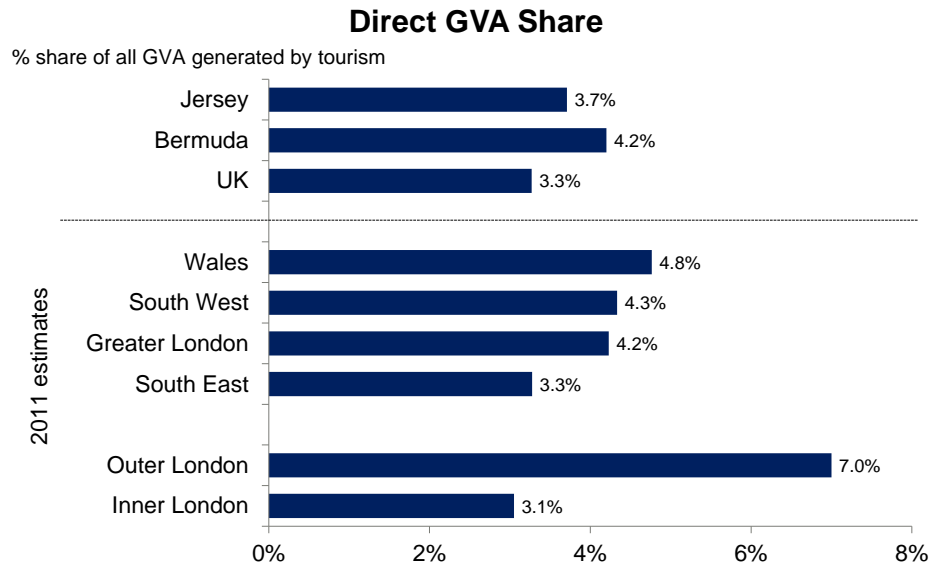
A much smaller proportion of output in other sectors is due to tourism activity and around 10% of transportation services are due to tourism, while less than 5% of retail output is due to spending by tourists. In calculation of retail impacts only the sales margin is counted, according to the TSA methodological framework and consistent with national accounts calculations. The wholesale value of the goods being sold is not counted as part of the impact to remove any double-counting.

3.2 DIRECT IMPACT COMPARISON

The direct continuation to GVA in Jersey is broadly comparable with that other destinations but also suggests that there is some scope for further growth within a diversified economy.

The direct contribution of tourism to GVA can be compared to some of the other benchmark destinations previously identified, although not necessarily for the same year. UK and Bermuda maintain TSA calculations which are updated on an annual basis which can be compared to the estimated impact in Jersey

for 2015. The economic contribution of tourism for UK regions has been estimated in a series of reports by Deloitte and Oxford Economics for Visit Britain, the most recent of which produced impacts for 2011.



The 3.7% share of GVA generated by tourism in Jersey is within a similar range of impacts in Bermuda (4.2%) and the UK as a whole (3.3%). The higher impact in Bermuda suggests that there remains some scope to grow Jersey tourism given the large financial services sector there.

Within the UK, regions such as South-West England and Wales are reliant on tourism for a slightly larger proportion of economic activity. Jersey differs from these regions due to the presence of the crucial financial services sector and some large differences in the reliance on tourism are not unexpected. But Greater London also has a higher reliance on tourism than Jersey despite the more similar economic structure. This also suggests that there is some scope to grow the tourism sector as part of a diversified economy.

Within London, the proportion of economic activity generated by tourism is magnified in the Outer Boroughs by the location of Heathrow Airport. But Outer London also contains other centres of tourism including Greenwich and sports-related venues such as Twickenham and Wembley. It is also distorted by the relative lack of other industrial sectors in an area in which much of the working population commutes into Inner Boroughs. As a comparison to Jersey, the Inner London share of GVA may also be artificially low due to this distortion.

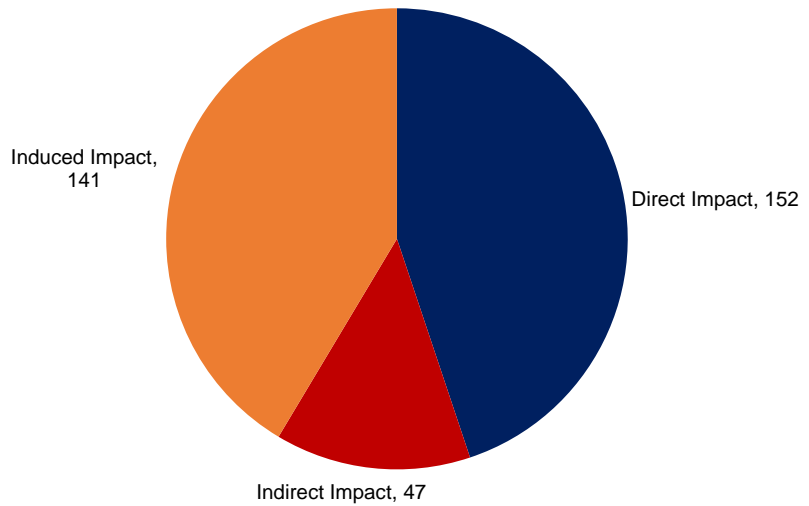
3.3 TOTAL ECONOMIC IMPACT OF TOURISM

8.3% of GVA was generated by tourism in Jersey in 2015 including wider impacts.

In total, tourism accounted for 8.3% of total GVA in 2015, taking into account the wider effects of the sector using conventional impact methodology. This includes the indirect impacts through the domestic supply chain and induced impacts of spending of wages by those employed within the tourism sectors.

Indirect benefits through the domestic supply chain generate an additional £47 million in GVA for other sectors, and account for one quarter of the wider impacts. The domestic supply chain impacts are derived consistent with the 1998 Jersey Input-Output table. While this is an old estimate of the structure of the domestic economy, it still includes relevant information and provides the most up to date indication of sector linkages and is a more reliable basis for calculation than using any proxies.

Total GVA Impact (£ mn)



Source: Tourism Economics

There are large leakages through the imported supply chain, as expected for a small island economy, and the indirect benefits are much lower than would be estimated for other destinations. For the UK as a whole, previous impact analysis⁵ has shown that the indirect impact of tourism through the supply chain is slightly larger than the direct impact. For every £1 GVA generated directly within the UK tourism sector, a further £1.20 in GVA is generated elsewhere in the economy: a so-called type I multiplier effect of 2.2. Comparable impacts are found in studies for many other countries.

Indirect multiplier effects tend to be lower in small island economies but greater use of local produce in hotels and restaurants serving tourists would increase this indirect impact. As an example of another small island economy, the published TSA for Bermuda indicates a similar low multiplier with large import leakages, although the precise impact is not published.

By making better use of characteristic Jersey products, such as milk, potatoes and oysters within hotels and restaurants, greater benefits will be generated for

⁵ Tourism: Jobs & Growth. The Economic Contribution of the Tourism Economy in the UK, Deloitte & Oxford Economics 2013.

these other Jersey businesses. Not only will the indirect sales be higher, but further benefits will come from the raised profile of these products among foreign tourists.

The bulk of the wider impacts are currently evident in terms of the induced impacts which account for a further £141 million in GVA for other sectors within Jersey. These are calculated using a conventional methodology consistent with the indirect impacts and also in accordance with the 1998 Input-Output table using so-called type II multipliers.

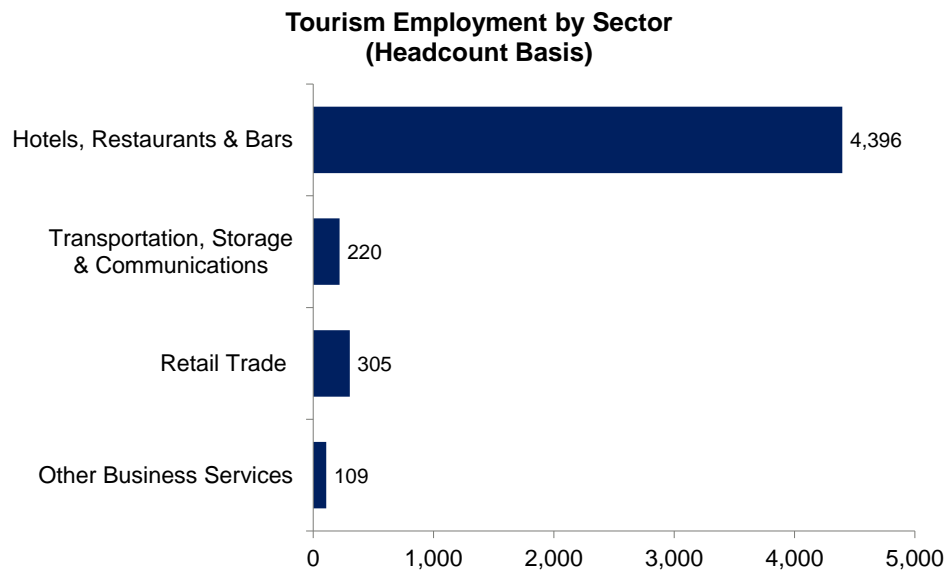
Induced impacts measure the total benefits to other from spending of wages earned by those directly or indirectly employed by tourism activity. Calculation takes into account any earnings which are not spent within Jersey and either saved or remitted to other countries.

The scale of the induced impact demonstrates that even if a relatively high proportion of the tourism workforce are registered migrant workers, these employees still live on the island for much of the year and make a large contribution to the wider economy.

3.4 EMPLOYMENT IMPACTS

Tourism accounts for 8.6% of employment in Jersey, and over 5,000 jobs on the island directly within the tourism facing industries; a much larger share of employment than the direct contribution to GVA⁶.

8.6% of employment is directly generated in tourism sectors.



Source: Tourism Economics

The majority of these jobs (over 4,000) are within hotels, restaurants and bars, consistent with the large GVA impact. Tourism accounts for a larger share of

⁶ Employment has been calculated according to data reported up to the States of Jersey Labour Market December 2015 statistical release. Final average figures used are an average for the year as a whole to account for seasonality.

whole economy employment than its share of GVA due to the lower labour productivity within the tourism sectors.

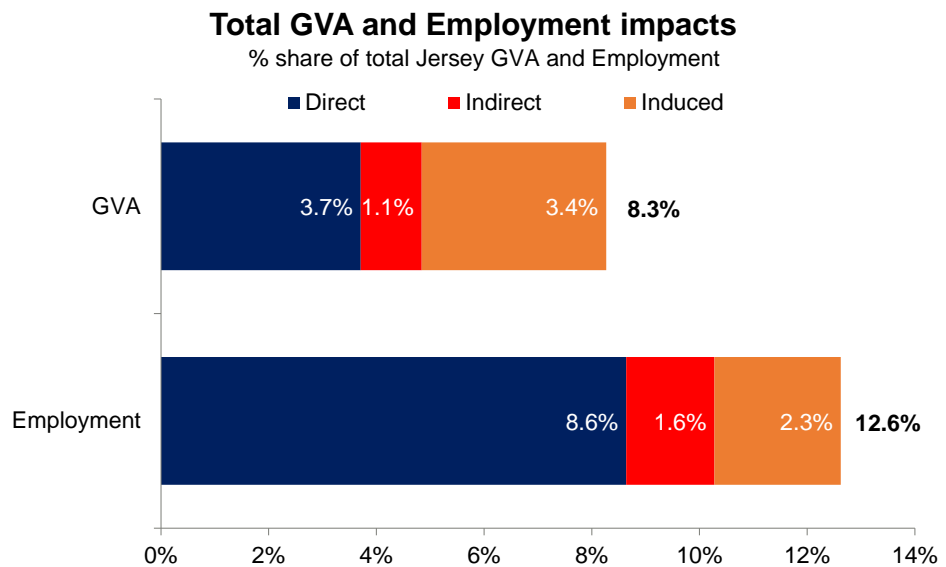
Total labour productivity of tourism output is just below £33,000 per employee, similar to the reported productivity for hotels, restaurants and bars, and lower than the average for the whole economy. The lower labour productivity means that tourism accounts for a higher proportion of whole economy employment than for GVA.

Tourism accounts for a greater proportion of part-time workers than other large sectors in Jersey. 10.4% of all part-time workers on the island are in tourism sectors compared with 8.0% of full-time workers. Taking into account the number of hours worked by full- and part-time workers there were 4,000 tourism employees on a full-time equivalent (FTE) basis; tourism accounts for 8.2% of whole economy employment on an FTE basis. Productivity is also higher when calculated in terms of GVA per FTE employee, with less of a lag relative to the whole economy average productivity on a similar FTE basis.

The relative importance of part-time work is a positive attribute of the tourism sector as it provides opportunities for people unable to work full-time jobs and can be a stepping stone to more permanent employment for longer-term or low skilled members of the labour force.

In total, tourism supported a total of more than 7,000 jobs across all sectors in 2015, or 12.6% of all employment on the headcount basis, accounting for the indirect and induced impacts. This is fully consistent with Input-Output table multipliers and relative productivity in all sectors; and is consistent with the total contribution of tourism to GVA of 8.3%.

12.6% of Jersey employment is supported by tourism taking wider impacts into account.



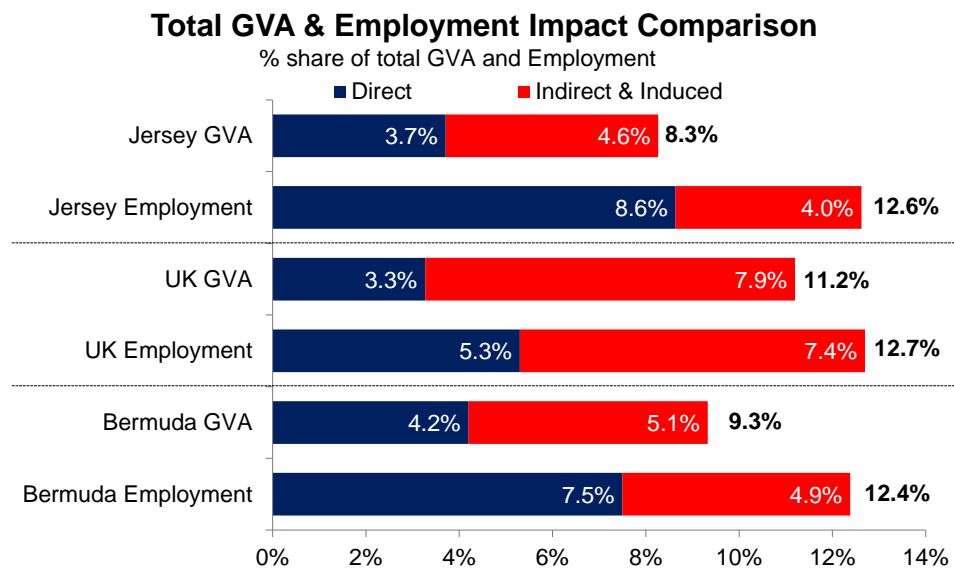
Source: Tourism Economics

Consistent with the wider GVA impacts, the induced benefits are larger than the indirect impacts as the sector relies on imported goods, similar to many other sectors on Jersey. However, direct employment accounts for a larger share of the total impact than the direct GVA share due to the relative productivity.

The total impact on employment is similar across Jersey, the UK and Bermuda despite some large differences in direct GVA and employment impacts.

The mis-match between the direct GVA and employment impact is much larger for Jersey than in either of the other two comparison destinations. In all cases, the share of employment directly generated by tourism spending is larger than the corresponding share of GVA. But this difference is much larger in Jersey due to a larger difference in relative productivity. This is partly related to economic structure and the larger share of activity accounted for by financial services in Jersey.

The wider (indirect and induced) impacts on employment in Jersey are considerably smaller than those for the UK and Bermuda. This highlights the impact of import leakages. Greater use of Jersey produced products in hotels, restaurants and other businesses dealing directly with tourists would generate even greater benefits for the island.



Source: ONS, WTTC, Tourism Economics

3.5 TAX IMPACTS

Tourism provides a significant benefit to tax revenues in Jersey and therefore helps to fund many of the functions of the States of Jersey. Tourists pay Goods and Services Tax (GST) on transactions; while a large proportion of the tourism businesses on Jersey are locally owned and are therefore subject to taxes on profits.

Tourism spending generated £12.8 mn for the Treasury in 2015 through the 5% GST rate imposed on all tourism products. This is equivalent to around 15% of all GST raised in the year and almost 2% of all General Revenue Income for the Treasury. Rough calculations using available data suggest that if income tax contributions, and other tax benefits, are also accounted for, the contribution of tourism to tax revenue is larger than the sector's GVA share.

Tourism makes a net contribution to the Treasury as the GST revenue generated by spending alone is larger than the grant provided to Visit Jersey, and any other public support of the sector.

15% of GST raised in 2015 was from tourism spending.

Additional taxes on the hospitality sector can act as a burden on businesses and may be prohibitive for new market entrants. This is in addition to other notable charges for the sector in Jersey, including steep additional charges for electricity installation and planning charges.

Hospitality businesses, such as hotels and guest houses will also make additional contributions to the Treasury with the new planned waste charge which is due to take effect in 2018, while businesses could see their profits further eroded. The new charge was announced with the recent Medium Term Financial Plan Addition (the update to 2016 to 2019 financial planning). Two types of commercial waste charge will be introduced: a sewage charge, based on water volumes businesses use, and a waste disposal charge. The sewage charge will fall especially heavily on hotels due to water usage as a fundamental part of the business.

4. LABOUR MARKETS & PRODUCTIVITY

4.1 LABOUR PRODUCTIVITY

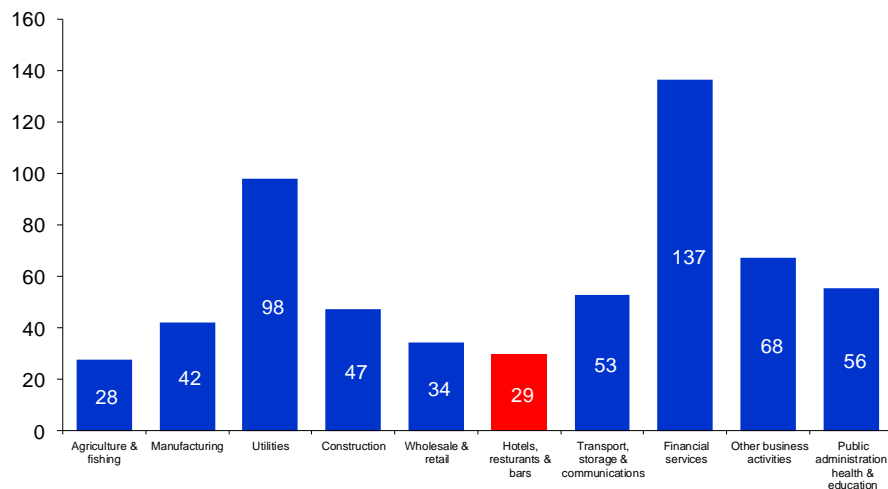
In an economy where higher level skills are very concentrated in the financial services sector, tourism could be a stepping stone for skills development.

Tourism activity in Jersey makes a significant contribution to the local economy, albeit a smaller one than that of the dominant financial services sector.

Labour productivity in the sector is also relatively low when compared with sectors like financial services and public utilities on the island, which comprise a large proportion of output and employment. Taking financial services as an example, fewer than 13,000 people were responsible for over £1.7 billion in GVA; around a quarter of the private sector headcount accounted for almost half of the GVA generated. By comparison, tourism labour productivity is significantly below the average for Jersey as a whole, as is productivity in agriculture and retail sectors.

GVA per employee in Jersey, 2014

£ Thousands



Source: Tourism Economics, States of Jersey

Output per employee is far higher in the financial sector than in 'hotels, restaurants and bars' – which is a reasonable proxy for productivity in the tourism sector.

Overall GVA per employee in Jersey is around £80,800 surpassing the comparable figure for the UK (£49,800). This is even higher than productivity in Greater London (£68,655), but is lower than in the Tower Hamlets borough which contains Canary Wharf. GVA per head in Jersey is around 57% higher than in the UK.

The high average labour productivity for Jersey as a whole is a result of the high concentration of financial services on the island. Comparing labour productivity by sector with the UK and Greater London shows that GVA per employee is typically higher in Jersey than in the UK, but lower than in London. This partly reflects the relative cost of living in destinations and average labour

costs. In some sectors, such as manufacturing, the comparison is distorted by the detailed types of activity being carried out by location. But for sectors such as Hotels and Restaurants, and Wholesale and Retail and Trade, the activities being carried out are comparable and there is no underlying supply-side reason for the difference in productivity beyond the cost of living.

The lower labour productivity in tourism sectors in Jersey does not imply that these workers are particularly less productive than in other destinations, but that they cannot generate the same economic return as workers in traditionally higher value added sectors.

However, there are ways in which the available tourism labour force can be more productively employed. Some of these are also evident across other destinations, while some issues are unique to Jersey.

Labour Productivity by Select Sector



Source: ONS, Tourism Economics

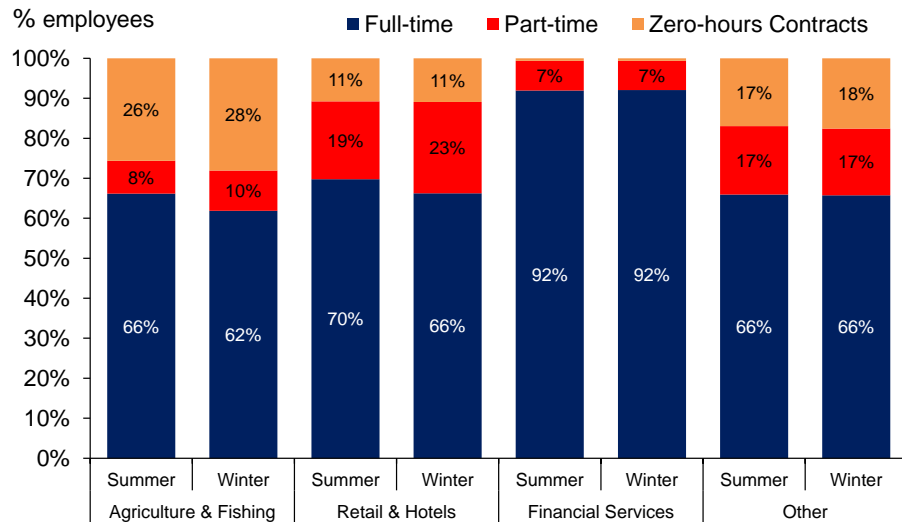
4.2 SKILLS AND PART-TIME EMPLOYMENT

Labour productivity on the simple measure of GVA per employee is also affected by the nature of employment. This does not explain the full difference, but the tourism sector is also far more geared toward part-time working than the financial services sector. In financial services, 92% of employment is full-time, compared with less than 70% of employment in all other sectors.

However, not everyone will be able to develop the skills to access employment in the lucrative financial sector, and there must be a place in an economy for activity in other sectors, with the added advantage of diversifying an economy. Furthermore, people need to develop skills which can come in other sectors. There are also benefits to part-time working as it provide a pathway into work for those unable to commit to full-time employment. Around 23% of pupils fail to get five or more Grades A* - C at GCSE according to States of Jersey statistics. Most of these will fail to find employment in the financial services and need other occupational routes on the island to avoid joining the long-term unemployed or need to leave the island.

To generate new growth within tourism using the limited labour resources available on the island some improvement in skills will be required. A well trained labour force is required to fully understand the needs of travellers and to provide them with a good service and a quality experience on a trip to Jersey. Given the importance of electronic word-of-mouth through social media and review platforms a good experience can generate additional demand.

Summer and winter FT / PT composition by sector



Source: Tourism Economics, States of Jersey

Skills improvement, and additional training, is required to maximise tourism potential.

Improvement in skills in tourism will also remove some reliance on immigrant labour, which has a high turnover, not least due to visa constraints. Developing the domestic labour force provides a more sustainable business model for Jersey over the longer period.

There is a danger that Jersey’s tourism sector is trapped in a ‘low skills equilibrium’ where existing skills meet basic current demand but the current demand is a declining market. Breaking into new markets may require a different set of skills.

Average skills in Jersey are improving but outside of the financial services sector many are underskilled. Average skills in Jersey at the former NVQ3 are improving but are still slightly below the UK average. Development at former NVQ Level 4 and above is considered more of a problem, especially in the hospitality sector, where a number of businesses interviewed by Skills Jersey expressed a need for a Hotels School on the island. Tourism could be a stepping-stone for skills development and a path into employment for the 4% of the labour force currently unemployed.

Jersey’s available courses in hospitality and tourism are seen as outdated and in need of investment to establish more of a centre of excellence. For example, Highlands College offers a BTEC Level 3 Diploma in Hospitality and Tourism but this is essentially about managing operations. One particular area which has been identified as lacking is foreign language skills. Tourism Economics believes that improved French language skills might boost demand from this geographically close market. Furthermore, discussions with stakeholders

suggested a shortage of German speaking guides for the island. There was strong growth in the number of German visitors in 2016 and new direct routes between Germany and Jersey have been announced for 2017 providing an opportunity for growth.

Whilst the Jersey Skills Board has been abolished, it needs to be recognised that many smaller businesses (which characterise Jersey's tourism sector) do not have the capacity to train on their own.

Market competitors are already aware of both the need for and the potential of, changed attitudes towards building a coherent structure for the development of labour market skills in the tourism sector. For example, the Welsh Government Strategy for Tourism draws attention to the importance of demand-led skills offered through a 'national skills framework', chef skills, tour guiding, management & leadership, outdoor instruction, language skills and front-facing skills. The profile and status of the sector could be improved through the creation of centres of excellence for learning, skills, development and research in hospitality.

A number of FE colleges in the South West of England, have been singled out as being exemplary in terms of training in hospitality and tourism being offered. For example, Cornwall College was rewarded with a Springboard Award for working closely with local businesses, such as the restaurant Fifteen. OFSTED identified Exeter College's MCA unit as developing the next generation of quality hospitality and catering professionals in partnership with leading regional employers and suppliers. It may be the case that Jersey does not possess the critical mass to undertake this alone and a potential solution could be some greater collaboration with other Channel Islands in terms of skills development.

Jersey's Innovation Review and its tourism impacts

The facilitation of increased innovation has been considered a key plank in the 2015 - 2018 Jersey Strategic Plan priority to maximise economic growth. In spite of (or, perhaps, on account of) its huge financial services sector and exceptional labour productivity levels, Jersey has actually produced zero productivity growth since 2000. In order to tackle this, the Council of Ministers decided on the development of a new innovation strategy. This adopted an evidence-based approach using eleven comparator areas selected by the review team. The Innovation Review of 2015, reported on by Tera Allas, Visiting Fellow at McKinsey Global Institute and formerly Deputy Head of the UK Government Economic Service, is the first part of this process. The Review identifies six key elements of the island's economy – only one of them being singled out as an overall strength.

A focus on innovation should sit comfortably alongside a modernisation of the tourism sector but the innovation drive in Jersey may not actually be helping the tourism sector. Migration had previously been targeted where it adds the greatest economic and social value, which was not necessarily in the tourism sector. In the light of the Review this should change but with a new focus to where it adds 'the greatest potential for innovation, STEM subjects and leadership & management skills'. This is unlikely to be seen as tourism either. The Jersey Innovation Review recommends that licences should be freely available for a key role in specific sectors – but again these sectors are the 'highest value economic areas in support of innovation'.

The Review recognises some education deficiencies on Jersey and how that might damage the innovation economy. This is clearly evident in relation to the very limited FE opportunities for the tourism sector on the island and perceptions of the sector.

Survey responses to the Review did demonstrate that it was considered difficult to get a licence to employ someone from the UK, and if permission is given, then the length of time it takes to get the licence and the heavy process is burdensome. Furthermore, there was mention of being understaffed at peak periods on account of recruitment difficulties. One suggestion made by interviewees was that Jersey should market itself as a 'sports island'. It also suggested that the Jersey Government should make licences to employ migrant labour freely available for key posts in 'certain sectors' or for 'specific skills' on a pilot basis and that the Population Office should publish annual high-level statistics for average time taken to process applications for licensed/registered staff. At present, there remain problems in recruiting to the tourism sector and the focus seems still to be on more 'high profile' sectors. However, there is a real risk that there will be nobody to undertake support services on the island.

4.3 LABOUR AVAILABILITY AND IMMIGRATION

The low skills and productivity issues for the tourism sector are not unique to Jersey, and are shared by many destinations, but they are exacerbated by perceptions of the industry on island and a historic reliance on immigration. Viewing the sector as a career has been neither demand-driven nor aspirational amongst young people.

Jersey has established a reputation as being for older, wealthier visitors. This is in spite of having potential for family or active holidays, including, for example, sports tourism. Jersey has also been slow to take advantage of new trends such as social media. There is a risk that if demand continues to fall, Jersey might lose some infrastructure including key planks of its transport access, making the reversal of decline far harder.

Of course, the fact that there is no expansion demand does not mean that there is not replacement demand in the sector as employees change jobs or leave the industry or even leave Jersey itself. Employment turnover in the tourism sector is notoriously high: the UK sector skills council, People First, together with Warwick University suggested that average turnover rates for bar staff were 45% per annum, waiting staff 33% per annum and chefs 19% per annum. Young people may well use such occupations as stepping stones to higher paid occupations – most notably on the lower rungs of the financial sector ladder.

It is the sector's difficulty in retaining staff which is of most benefit to other sectors. In any occupational category, the demand for new labour can be split into replacement demand and expansion demand. Replacement demand is demand for labour to replace those who have left an occupation – usually to move into another occupation but also for a wider variety of reasons including retirement, geographical moves, sickness, maternity leave and death. Therefore, even an occupation in long-term decline will have demand for replacement labour.

Improved training and some change in emphasis can reduce the tourism sector's dependence on immigrant labour.

The hospitality sector's occupations tend to have specific characteristics, particularly in being far younger than average. A methodology devised by GLA Economics and applied to London suggests that the occupational mix within the hospitality sector might well have an attrition of nearly 1 in 5 staff per year⁷. This is because occupational classes such as managers & directors and professionals have the lowest outflow rates whilst sales and customer service occupations are amongst the highest. Skills Jersey's 2015 hospitality sector study confirms that the sector employs very few professionals and has a disproportionately high representation of sales and customer service occupations and elementary occupations when compared to the remainder of the island's employment base⁸.

Tourism sector employs a high proportion of high outflow occupations

High outflow occupations ⁹	Caring, leisure & other service occupations Sales and customer service occupations
Moderate outflow occupations	Associate professional & technical occupations Administrative & secretarial occupations
Low outflow occupations	Managers and directors Skilled trades Professional occupations

High staff turnover in tourism sectors provides trained staff which can benefit other sectors.

If the high staff turnover estimated for London is also true in Jersey it would mean that each year one fifth of the sector's staff will be available to utilise skills and training learned in the hospitality sector elsewhere in the labour market. The types of skills which they are likely to take with them will tend to be fairly generic: customer service skills, time management, interpersonal skills, communication and teamworking abilities. It is likely on Jersey that at least some of this outflow is feeding into the island's financial services sector. Of course, the downside is that the tourism sector itself often lacks the requisite skills as a result of these high outflows and that impacts upon business performance in the sector. As well as these skills shortages there are also actual labour shortages identified by Skills Jersey for occupations such as chefs.

Therefore, the hospitality industry will be generating a significant number of skilled, and well paid jobs each year. Skills Jersey's work on the hospitality sector indicates that each year around 400 people will be needed to meet replacement demand (by their definition this includes the whole of the retail sector). Around six out of ten of those staff will be entering to undertake service-level occupational work, requiring just Level 2 skills. However, the

⁷ GLA Economics – London Labour Market Projections, Greater London Authority (2016)

⁸ Skills study of the Hospitality Industry in Jersey – Skills Jersey, Jersey Hospitality and Visit Jersey (2015). This 'compares the percentage of staff by occupation in the hospitality industry with that in all businesses in Jersey (2011). It highlights the very low percentage [of] professionals in the industry.' Note that this study includes the retail sector under hospitality.

⁹ These categorisations have been made based on the Greater London results with high outflow defined as outflow rates above 15% per annum and low outflow defined as being below 10% per annum. Note that it is possible to move jobs within the same occupation and not count as an outflow. It is also possible to stay within the sector and count as an occupational outflow by moving from, say, waiter to manager.

balance will be people with higher skilled people, including administrative and more senior roles.

There is a wide range of careers in tourism-related services going well beyond the common perception of restaurant and bar staff: in entertainment and leisure, tour operators, travel agents, airport staffing, travel journalism and photography as well as the rapidly-expanding areas of digital marketing and e-commerce.

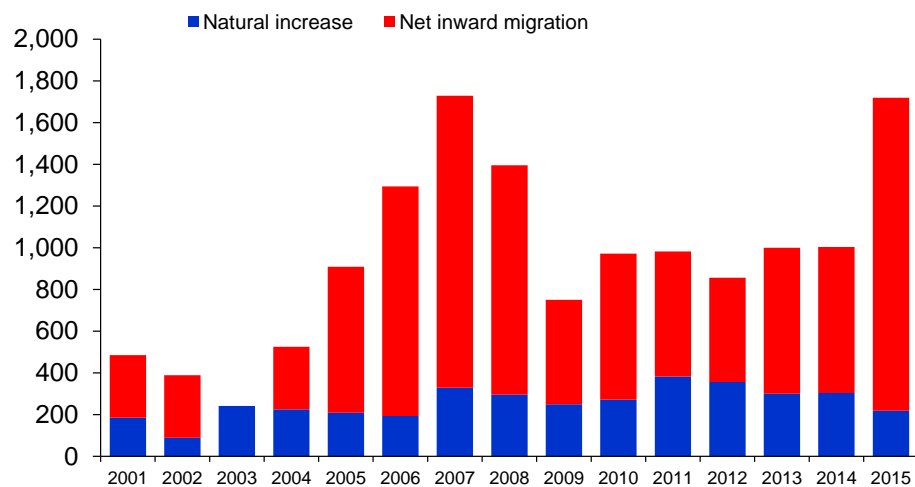
A questionnaire to students at Highland College demonstrates that perceptions of the tourism sector fall short of the available career opportunities. Perceptions of wages, interest, prospects, opportunities for staff development, excitement and working conditions in the tourism sector are low and are only comparable to those for agriculture. Sectors such as finance, ICT and health are all rated far more highly on these criteria.

These perceptions of a limited career path in tourism and hospitality are not aided by the current industry structure, or visitor profile. The large number of small tourism firms and family hotels do not offer a clear career path or opportunities for development. Larger firms, including some large chain hotels, can offer more opportunities. These firms can bring in their own staff from other countries, but this also works both ways, allowing islanders to access opportunities elsewhere.

Immigration has a long history of being very regulated in Jersey, and there will always have to be some limits to population growth given the reality of being a small island. Therefore, existing labour resources should be maximised but if staff are not available on the island then some provision for immigration to support the industry is required. Without the possibility of good replacement staff the tourism sector in Jersey will not be able to improve quality in any significant way, or expand.

Jersey population growth has been driven by inward migration.

Demographic natural change and net migration



Source: Tourism Economics, States of Jersey

Jersey's population since 2001 has grown from around 88,000 to 103,000. Around three quarters of that growth has come from net migration while in-migration may also have boosted the birth rate as well.

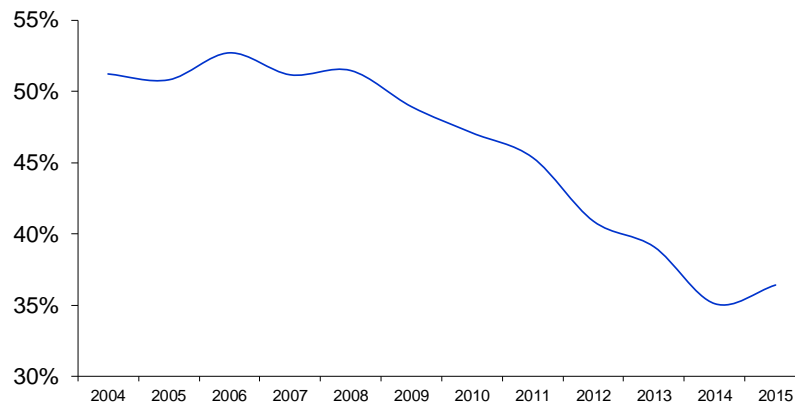
The tourism sector is not the only one to use migrant labour, but it has the highest proportion of registered status workers.

The tourism sector employs the highest proportion of registered status workers, although it is not the only sector to use migrant labour. The hospitality and retail sector employs around 3,000 registered workers in peak summer months. There is also a history of both long and short term migration for the island's agriculture & food sector.

However, use of migrant workers involves additional costs for business, which damages the relative competitive position of Jersey's tourism economy. Any business employing migrant workers has to pay to utilise either licenced employees or registered employees. The Chamber of Commerce has expressed concerns about the licenced employees charge and its effect on chef recruitment as part of the J Category consents¹⁰. Immigration is currently controlled by restrictions on employment and the purchasing or renting of property. Residence based rules have come into existence because of Jersey's unique position. Although part of the Common Travel Area (the open borders area comprising Ireland, the UK, Isle of Man and the Channel Islands, based on legally non-binding arrangements), Jersey is constitutionally entitled to restrict immigration by non-Jersey residents. However, control of immigration at the point of entry could not be introduced without changes to international law.

The hospitality sector has not been the main driver of increased immigration to the island.

Hotels, bars & restaurants headcount, share of employment which is licensed / registered



Source: Tourism Economics, States of Jersey

However, while employment generally has risen from around 52,000 to around 58,000, employment levels in the hotels, restaurants and bars sector has been broadly flat over the last fifteen years¹¹. Furthermore, the share of that employment headcount which is either licensed or registered (or, previously,

¹⁰ 'J' category is the former name of what is now called a licenced employee.

¹¹ Employment in the sector has tended to be highly seasonal (although variation between June and December has narrowed in recent years). In 2001 sectoral employment varied between 4,400 and 6,700. In 2015 employment varied between 5,200 and 6,200.

Category J / Non-locally qualified) has fallen considerably since the mid-2000s, implying that more jobs in the sector are going to locally qualified people.

Overall, this suggests that the hospitality sector has not been a driver of increased immigration to the island. Furthermore, there is potential for the tourism sector to expand through productivity improvements and better use of the island's off-season capacity without the need for higher levels of employment.

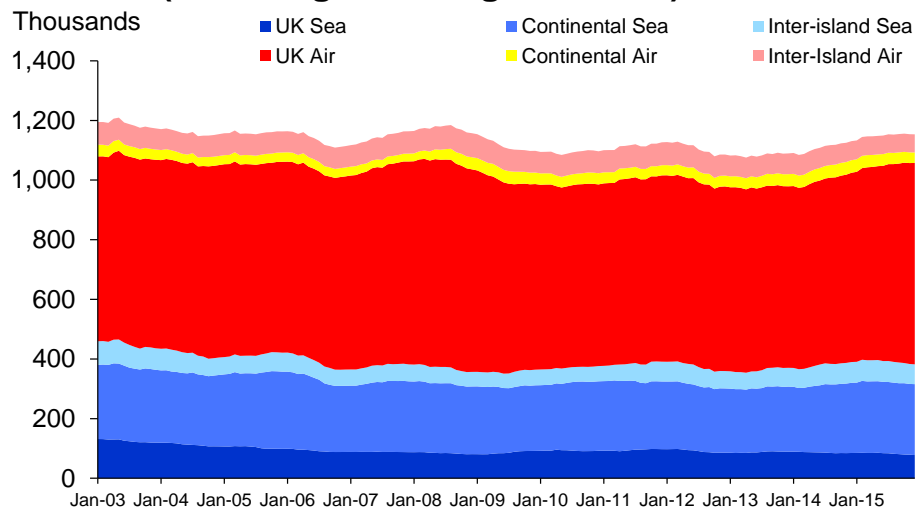
5. INFRASTRUCTURE, CAPACITY & ACCESS

5.1 TRANSPORTATION CAPACITY AND ACCESS

Jersey is well served by transport capacity but quality is a concern.

Jersey is well served in terms of available scheduled capacity for both air and sea access, but there are issues relating to both quality and reliability of the services. These issues may deter some repeat visitors who have had a bad experience and a poor reputation may also influence the decision of potential new visitors.

Arrivals (including returning islanders)



Source: Tourism Economics

Total passenger ‘arrivals’ have declined by about three and a half percent since 2003, broadly consistent with the change in visitor arrivals over this period. Most UK arrivals tend to be by air while the bulk of sea arrivals have been accounted for by the ‘Continent’, and mainly from France although German arrivals by sea are also relatively high. Data on arrivals by air and sea relate to both visitors and returning islanders, which makes it harder to see the impact of any potential capacity constraints. Low load factors suggest capacity is not an issue, especially in the off-peak season. But service disruption is a challenge to overcome relative to seasonality

Air Infrastructure

Jersey is well served by air routes, particularly to the UK, providing a further benefit to residents, but service disruptions can be problematic. As with most infrastructural improvements driven by tourism, better air connections can also benefit Jersey’s residents. This is even more the case given Jersey’s isolated position and relative lack of nodal connections.

Significant operations are run by a number of airlines. In recent years there has been some consolidation and partnership working in the air travel market which has resulted in a better quality service.

Some of these better air connections are a result of business travel. Sectors such as financial services and the tourism sector can have mutually beneficial feedback loops. However, the business travel and, in particular, the 'meetings, incentives, conferences and exhibitions' (MICE) market on Jersey has not fared well in recent years. This means that there is now a huge opportunity for the recapture of the important MICE and business travel sector.

Currently, air links to mainland Europe are not as good as to the UK and the potentially important French market is under-served and the German market is largely reliant on charter flights, which have been successful in bringing in visitors from Central European markets. Future new route developments should also consider the potential needs of the financial services sector for increased links with other major financial centres. The Jersey Financial Services Industry Policy Framework (2014) recognises that the finance industry and the tourism industry share the objective of ensuring good transport connections and making Jersey an attractive place to visit as well as reside. In order to attract new financial services businesses to the Island as well as new tourists, the infrastructure in place needs to be at the level expected by international standards.

Air operations are hampered by airport infrastructure which will provide challenges for growth in the off-season. Jersey Airport was first developed in the 1930s and has been extensively extended in later years. By the 1950s air arrivals had overtaken sea arrivals and "*by the 1970s, Jersey airport had become the sixth busiest airport in Europe*", according to the Jersey airport website. However, there is a particular problem with fog at certain times of the year resulting in periods when there are major disruptions to flights. Due to the runway length and the location of buildings, Jersey airport only has category 1 ILS¹² which means approach lights must be visible to pilots at 200 feet before committing to land.

Arguments for a new airport have been around since the 1990s but moving the airport seems an unlikely option and it is estimated that a completely new airport could cost around £80 million. In theory, the airport could get a Category 2 ILS enabling planes to land in foggier conditions with some additional investment. But this would likely involve large modifications to the surrounding environment including modifications to nearby residential areas and notably removal of St Peter's Church spire which affects navigation systems requiring flat ground. The airport is also affected in this regard by the cliffs at the other end of the runway.

Equipping more planes with Enhanced Vision Systems would help to reduce delays which would also entail large investment by carriers which may require government subsidies or higher costs for customers.

¹² See <http://www.jerseyairport.com/SiteCollectionDocuments/ILS%20Presentation.pdf>

Sea Infrastructure

Jersey is also well served by capacity on sea routes from both UK and France, but quality of the service and timings of crossings are both issues. There is more than enough capacity to meet current demand, and even allow for some growth in coming years. However, a good service is essential for productive operations, to make the most of available capacity. Quality transport services also help to drive a higher quality of life experience for islanders.

A consistently poor quality of service may deter potential visitors. Following discussions with key stakeholders within Jersey, Tourism Economics believe that there is a clear risk that a negative reputation could dissuade visitors while reviews of the service could cause potential visitors to take holidays elsewhere.

The timings of crossings do not currently allow the opportunities for Jersey's tourism industry to be maximised, although full relocation of the service to overnight in Jersey is not practical due to available infrastructure. A focus on speed of crossing is somewhat redundant if the timetable does not allow travel at convenient times.

More of a focus on comfort, including a smoother crossing and some entertainment for passengers would improve the passenger experience and the journey could become part of the holiday, improving the reputation and image of Jersey as a destination.

Jersey's marinas have been turned into a commercial success. The status of Jersey Harbours and Jersey Airport has recently changed with incorporation into 'Ports of Jersey'. This follows a series of studies and recommendations including a Deloitte report in 2004 suggesting that port infrastructure would have greater commercial freedoms following incorporation. The recent focus has been on marinas redevelopment projects and in September 2016 Guernsey's Chamber of Commerce suggested that the Bailiwick of Guernsey should follow Jersey's example in making more productive use of the island's harbours. The changes were made in response to the long-term capital funding requirements up to 2038 and came into effect in October 2015.

Potential cruise capacity for Jersey

Prior reports have drawn attention to the potential of the island as a cruise location which will require infrastructural investment in a berth, possibly part-funded by major cruise liners. Currently, only relatively small ships can dock in the town centre. Otherwise, larger ships have to anchor and utilise tenders to bring passengers on a twenty minute transfer. There may be some potential for the Channel Islands being the first stop on a cruise down to the Mediterranean, while P&O Ferries already operates a France, Northern Spain and Guernsey Cruise.

Jersey lags Guernsey as a cruise destination and there is potential for roughly ten-fold growth to catch up. Around 120 cruise ships now visit Guernsey every year and 123,000 cruise visitors were recorded for 2015 according to the independent firm, Island Global Research. But spend per person on cruise visit is not exceptionally high, calculated at only £32 for Guernsey. The example of Bermuda also shows how the cruise industry can support visitor volumes without a comparable immediate growth in revenue. However, it is often argued that cruise travel provides a 'shop window' for a destination and that a significant proportion of cruise visitors will subsequently return for a longer visit.

The investment required for a suitable berth facility would have at least a 20 year return period based on the typical Guernsey spend. The latest estimate of funding to support such a project is now over £100 million. Although there is a possible lower cost alternative to use the deeper waters of the northern part of the island and then use coaches to reach St Helier and other destinations on the island.

Jersey also lacks capacity for large yachts and this may be detracting from potential visits from very affluent high spenders.

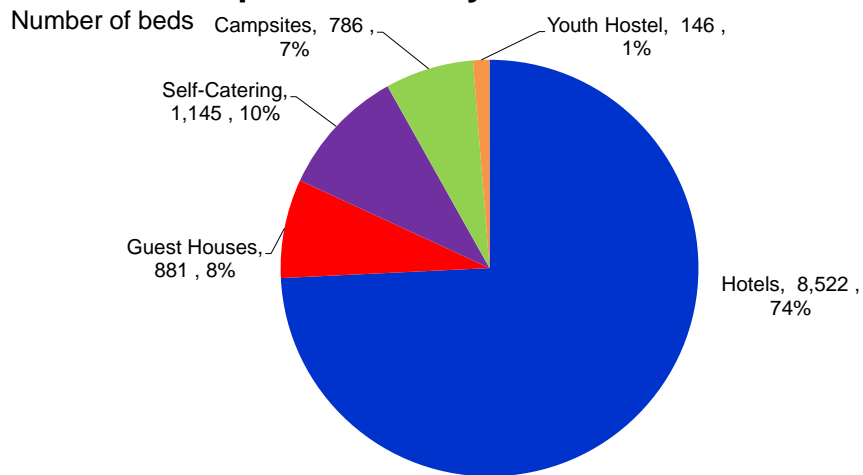
5.2 AVAILABLE ACCOMMODATION CAPACITY

Jersey has sufficient accommodation capacity to support some growth but diversification may be beneficial.

Accommodation capacity is also not an immediate concern as current occupancy rates suggest some moderate growth can be managed without any major new additions in the number of available rooms or beds. The island has enough bed space to accommodate the targeted million tourists per year. However, this would require significant change in the seasonal patterns of tourism including a larger proportion of visitors in the off-season. At present, occupancy rates off-season are exceptionally low, not helped by air and sea access.

There were just under eleven and a half thousand bed spaces on the island in 2015. Three quarters of these being in hotels, despite hotels representing just half of the accommodation establishments. Smaller guesthouses account for over a quarter of establishments and a smaller share of bedspaces. Bed space on Jersey has fallen broadly in line with staying leisure visitors. New growth in capacity should reflect the needs of targeted travellers.

Current bedspace in Jersey



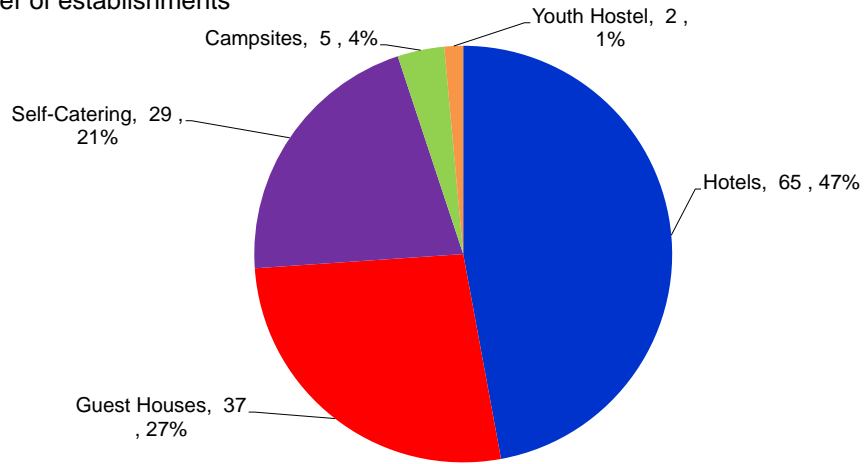
Source: Tourism Economics, Visit Jersey

In the view of Tourism Economics, the island will benefit from a more diversified tourism offer, which can help to address seasonality, and reposition Jersey in the tourism market place. This can involve an appeal to younger potential visitors, including families as well as visitors on short breaks. However, the existing character of the island must be retained in order not to lose the current loyal market. The current older visitor demographic has relatively high spending

and values certain quiet characteristics of the island. Development should make the island more accessible and attractive to a wide range of tourists, with additional attractions and infrastructure rather than wholesale redevelopment of the current capacity.

Current accommodation establishments in Jersey

Number of establishments



Source: Tourism Economics, Visit Jersey

Many of the guesthouses in Jersey are small establishments which may not allow particularly efficient operations, or the most productive use of labour. There are 37 guesthouses in Jersey accounting for over a quarter of the accommodation establishments; but only accounting for 8% of the available permanent bedspaces for guests.

Tourism Economics believe that some consolidation of these small businesses would allow more efficient use of staff and other resources across different properties. Greater use of technological solutions would help to facilitate consolidation in terms of operations such as managing rotas and payrolls as well as in terms of marketing and booking.

To attract a new audience, the range of accommodation on offer needs to be broadened. This can be facilitated by the expansion of the sharing economy, while the likes of Airbnb might also be able to effect some consolidation of inefficient guesthouses. Currently, the least efficient end of the guesthouse sector has some of the lowest occupancy rates while staff are likely to be underemployed at times throughout the year. A minimum number of staff are required to carry out fundamental tasks for a guesthouse, regardless of how few guests are staying.

The legality of Airbnb operations needs to be clarified in Jersey, as well as in other locations worldwide. Such lettings are seen by some as depriving locals of available residential accommodation and some global cities such as New York have been tough on Airbnb. Jersey is an expensive location as a geographically constrained island so the limited accommodation stock perspective is clearly also an issue and some limits may be required. However, there are currently only around 80 Airbnb listings on the island; fewer than the estimated number of second homes on the island. Allowing these holiday rentals on a more formal basis would generate additional tax revenue. It is

important to ensure that there is a level playing field in the regulation and taxation of the sharing economy to allow efficient hotels and guesthouses to compete.

Self-catering accommodation is currently not well provided in Jersey and re-development of the guesthouse stock, potentially involving the likes of AirBnB, could help to address this need. Across England as a whole, self-catering accommodation accounts for some 7% of visits and 14% of spend: the vast majority of which is from the leisure sector¹³ indicating an established demand for this type of accommodation from this key source market. In 2014 the London School of Economics estimated that Cornwall alone might have something like 4,500 self-catering units and that there might be around 60,000 across England as a whole¹⁴. The 29 self-catering properties currently available in Jersey do not provide this level of opportunity.

The range of available properties is narrow and new competition is being provided up by the impending arrival of Premier Inn on the island, which should attract a new demographic. Premier Inn already has two sites (Sandown and Newport) on the Isle of Wight and its mid-scale market main competitor, Travelodge, also has two (Ryde and Newport). Premier Inn is a known and trusted product (at least to UK consumers) and will be a lower cost option relative to many of the island's other hotels. Survey data from 2012 suggests that ADR on Jersey was around £120, and the Premier Inn will undercut that by a considerable margin if pricing is consistent with other properties in UK including those on the Isle of Wight.

5.3 GEOGRAPHICAL CONSTRAINTS

A comparison of the density of accommodation with competitor destinations indicates scope for development as Jersey is home to fewer properties per square mile and per capita. Any new hotels on Jersey may not fully replace the capacity which was available in prior years, and Tourism Economics estimate that there is some space for new development.

Jersey has fewer properties per square mile relative to the Isle of Wight and only has a slightly higher density than Cornwall as a whole¹⁵. Given relative destination sizes and the fact that Jersey is a small island destination a higher ratio would have been expected. Jersey has made some use of reclaimed land around the 'Waterfront' development area of St Helier and there is the potential for further development as required. The comparison in the table below uses Booking.com data which does not give a fully comprehensive count of properties, or even of available beds, but is a comparable indicator for all destinations. However, it is worth noting that even a single town in Cornwall,

¹³ See 'The GB Tourist: Statistics 2015' – TNS for Visit Scotland, Croeso Cymru and Visit England. Figures stated relate to domestic overnight trips in England only.

¹⁴ K. Scanlon, E. Sagor, C. Whitehead – 'The economic impact of holiday rentals', London School of Economics, 2014.

¹⁵ Note here that areas have been calculated to include unitary authorities, i.e. both Bournemouth and Poole in Dorset and Brighton & Hove in East Sussex. Consistency around this on Booking.com may not be perfect. Brittany here is defined as the modern administrative region and specifically excludes the Nantais / Pays de la Loire region although historically part of Brittany.

such as Newquay, can have far more listings than Jersey as a whole. Newquay currently has 160 listings.

Location	Area (sq. miles)	Booking.com Count	Density / sq. mile
Brittany	13,136	3,500	0.27
Cornwall	1,369	1,999	1.46
Dorset	1,092	843	0.77
East Sussex	694	779	1.12
Pembrokeshire	610	321	0.53
Isle of Wight	147	418	2.84
Jersey	46	84	1.83

This relatively high density per square mile is not unexpected given the geographic constraints, but a further measure of density per capita suggests there is space for growth. Jersey has the lowest accommodation density relative to other benchmark destinations using the per capita measure. Cornwall in particular has a much larger ratio of hotels per capita. The density of hotels on this measure in Jersey is approximately one third of that in both the Isle of Wight and Pembrokeshire.

Location	Population (thousands)	Booking.com Count	Density / 1,000 of population
Brittany	3,270	3,500	1.07
Cornwall	536	1,999	3.73
Dorset	766	843	1.10
East Sussex	800	779	0.97
Pembrokeshire	123	321	2.61
Isle of Wight	141	418	2.96
Jersey	101	84	0.83

Jersey has a lower density of tourism accommodation than the Isle of Wight on both measures suggesting some scope for growth in the number of properties. This is also evident in self-catering stock. There are more than 200 self-catering properties listed on the official Isle of Wight tourism website, and potentially more which in actual operation. This compares with just 29 properties in Jersey.

In addition to these paid accommodation listing, all these locations have a sizable number of listings with Airbnb. The precise number of listings by destination changes by date, but it appears that they all have comparable density in this form of alternative accommodation. Prices in Jersey average slightly higher than most of its competitors which suggests a clear demand for a more diverse accommodation offering.

Looking at the density of restaurants as an additional measure of tourism infrastructure shows that Jersey is very well served in terms of food and beverage options. On a per square mile basis, Jersey has the highest density of restaurants, and a comparable density per capita, relative to other benchmark destinations.

Location	TripAdvisor Restaurants	Density / sq. mile	Density / 1,000 of population
East Sussex	2,373	3.42	2.97
Cornwall	2,065	1.51	3.85
Dorset	1,991	1.82	2.60
Isle of Wight	481	3.27	3.41
Pembrokeshire	479	0.79	3.89
Jersey	307	6.67	3.04
Isle of Man	239	1.08	2.78

The residents of all these regions have benefited from tourism arrivals with a higher concentration of restaurants than would be expected from the population size. Comparison against other UK counties with low volumes of tourism, such as Staffordshire or Lincolnshire, shows that these destinations have roughly half Jersey's density of restaurants per capita. There may be other social and economic factors at play here, including average incomes, but there is both scope for tourism growth with this capacity, and clear benefits to residents from the tourism sector.

Such benefits are clearest for those people with high disposable incomes, who are typically employed in the high value-added sectors such as finance and law are generally highly mobile. These people tend to be more mobile than the wider population and if the lifestyle in a particular location does not meet their standards then they may move elsewhere. A strong hospitality sector makes the island attractive as a location for high value added employers by supporting a good standard of living. Therefore, improved levels of tourism on the island also support the maintenance of a healthy financial services sector in Jersey – both through the improved quality of life and also through increased infrastructural connectivity.

Case Study: The virtues of attractions

As well as the additional connectivity provided by tourism and the high proportion of restaurants per head of population, tourist attractions also benefit the local population as well.

Jersey's range of tourist attractions include a number of sites providing huge leisure activities to residents of the island, especially those with young children. Such attractions include the War Tunnels, beaches and castles as well as Jersey Zoo, aMaizin! Adventure Park, the Mansell Collection, the Eric Young Orchid Foundation and Tamba Park.

Obviously, some of the attractions on Jersey are natural / pre-existing and would be there with or without tourists: beaches, castles and the remains of wartime defences. Others such as zoos and adventure parks rely on tourism to meet threshold numbers, but locals also benefit from the existence of these attractions.

Alongside high quality agricultural produce, such tourism assets improve the attractiveness of the island as a place to do business, both helping to address years of loss of business tourism and supporting other economic clusters on the island such as financial services. Other attractions, such as the La Mare Wine Estate, provide an additional platform to sell local produce to both visitors and tourists alike.

5.4 RELATIVE INVESTMENT

Investment can be important in retaining and gaining market share.

In addition to a more diversified accommodation offer, additional investment in attractions would be required to attract new visitors and a new demographic. Investment is also required to maintain existing facilities to retain market share among the current visitor demographic.

However, if other competitors are cutting investment or marketing funding, then Jersey may gain share. And it is possible that the UK's forthcoming Brexit may offer Jersey a window to achieve this. The current UK Government has promised to match EU funding to those regions which will lose support, but it is unclear for how long this can continue.

Challenges to Jersey's position may come from further UK devolution which is permitting divergent credit mechanisms across the UK. For example, new business funding arrangements have been in force for several years in Wales with the establishment of Cyllid Cymru for the provision of SME growth capital but it is unclear how successful this will be over the longer term.

Brittany will not be directly affected by funding changes in the same way and will soon benefit from the LGV Bretagne-Pays de la Loire extension of the LGV Atlantique. This is around 180 km of high speed rail line shortening journey times to St Malo and Brest from Paris by around 45 mins.

This provides risks to Jersey as well as an opportunity. Competitor locations in Brittany itself will be closer to the wealthy Paris market, including the Emerald Coast, the festivals in Quimper and Brest and the seafood restaurants in Cancale. Visitors will be able to compare Jersey directly with the visitor experience of towns such as St Malo and Dinard. However, the shorter journey time to the port of St Malo also reduces travel time to Jersey from parts of France by a comparable 45 minute period.

Capital investment in Jersey in recent years has largely been concentrated on improving access to and around the island. Some relatively small infrastructural investments, such as cycle paths, encourage additional tourism as well as operating as a sustainable transport network.

A recent success in investment in attractions is the development of Tamba Park, on the unused site of the old Lion Park. The site was redeveloped into a family attraction for tourists and residents alike, albeit on a relatively small scale. The site employs five full-time staff, but large expansion is being planned which would allow Tamba Park will continue to benefit local tourists and local residents as a year-round attraction. This scale of tourist attraction helps to attract a more diverse range of visitors without fundamentally altering the island's appeal or character.

Case Study: Cornwall

Cornwall wants to make more of underutilised parts of the county such as Bodmin Moor in order to break away from 'bedrock' tourism and this forms part of its Integrated Territorial Investment Strategy. But this is based on EU funding and will need to be rewritten following the Brexit vote.

Cornwall has been able to develop Newquay Airport in recent years as the new terminal extension increased the airport size by 20%, followed by an expanded arrivals hall, retail outlets and installed a business lounge. The current project (75% funded by ERDF Convergence Fund) is centred on terminal reconfiguration, new baggage handling equipment and sustainable energy projects. Sustainability of operations without external funding is unclear, while Newquay airport does not have the same degree of resident airport demand that helps to support Jersey air operations.

The importance of new investment in destinations in co-ordination with transport infrastructure is emphasised also by £7.5 billion of rail infrastructure investment across the GW network which will improve connections to Devon and Cornwall.

Cornwall also claims to be at the front of a £250 million drive to attract investors from China, including Lakeview, a private waterside village. The same developer has plans for the Lake District and Scotland too.

Case Study: West Wales

Plans for the West Wales and the Valleys ERDF zone are also uncertain because of Brexit as many aspirations were predicated on EU funding. The Welsh Government only recently announced that it had cornered a whole block of TAD scheme funding: potentially the largest EU funding programme for tourism in West Wales. It was / is to be focused on 10 regional prioritised projects, the largest of which appears to be the Land Speed Centre on Pendine Sands.

5.5 NATURAL RESOURCES

Making better use of natural assets would encourage shoulder season usage.

Jersey has a range of beaches from the busiest such as St Brelade's Bay to quiet fishing harbours such as Bonne Nuit and more difficult to access stretches such as Portelet, but some facilities could be improved. Bouley Bay is the adopted home of Jersey's scuba diving fraternity whilst St Ouen's Bay is known for windsurfing and kayaking. There is also a surf school in St Ouen. Such water sports are relatively low impact and expansion and better facilities would attract new visitors without detracting from the island's character or damage existing markets.

For such a small island, Jersey's diversity of habitats is impressive. Its clifftop heathlands and sand dunes provide Sites of Special Scientific Interest (SSIs) and its wetlands provide four Ramsar sites. A wide array of wildlife can be found across the island, which will be of interest to potential visitors if marketed. With no grey squirrels, red squirrels can be sighted as can green lizards. In terms of bird life, as well as razorbills and puffins, visitors can see a range of migrating and wintering birds, as well as raptors such as marsh harriers and (after several decades of absence) peregrine falcons. Amongst marine sightings are bottle-nosed dolphins and seals and, more rarely, basking sharks and pilot whales. Wild orchids flourish in Le Noir Pre and the island is also home to the Eric Young Orchid Foundation which is open all year.

Walking attracts a number of people to Jersey, but there is potential to make more of this and, specifically, to increase the information available to walkers on the all-island coastal route (Route 1) and other trans-island routes such as Gorey to St Ouen (Route 3).

The island also currently underplays its archaeology. Jersey Heritage has played an important role in bringing forts and castles into the tourist rental market. However, more remains to be done to alert visitors to the island's history from the Palaeolithic onwards. The recent finds from the Magdalenian late Palaeolithic would benefit from a visitor centre as well as interpretative material for visitors. The northwest of the island has an impressive range of Neolithic dolmens.

Making more use of its archaeology, natural assets and walking possibilities would help encourage shoulder season usage. However, this will require specific, targeted marketing. Some of these areas offer ideal and safe opportunities for school trips. The unique archaeological finds could be used to make Jersey a centre of academic excellence in the field.

The combination of some of the largest inter-tidal ranges, offshore reefs and isolated rocks and the location adjacent to main shipping channels means that Jersey also has a huge range of shipwrecks spanning hundreds of years of history. More could be made of this as an opportunity for tourism.

5.6 OTHER BEST PRACTICE

Improvements in productivity can also be achieved by taking full advantage of innovation, including the digital innovation possibilities of recent years. ICT infrastructure must maximise opportunities and the cultural environment must be in place to take best advantage of those opportunities.

Comparison of online accommodation listings with the total stock shows that online sales channels are being used. Bookings directly with hotels have fallen in recent years implying a greater number of intermediaries are involved. Traditional travel agencies may take some role, but online travel agencies (OTAs) are also likely to be behind this trend. Eurobarometer surveys show that Europeans are increasingly researching and booking travel online, including through OTAs as well as social media.

To reach new markets Jersey not only needs to be online, it needs to 'speak the language' of the online world. Some of Jersey's sites look out of date and social media pages need to encourage more user-generated content. Surveys show that the most trusted source of travel information is recommendations by friends and relatives and information provided through social media pages is a growing part of that.

There is apparent technical know-how on Jersey but it may not be used optimally. Digital Jersey estimates that the IT sector itself on the island employs 560 staff in just over 200 organisations and notably in the finance sector. Some better use of this capacity by the tourism sector would raise the island's profile and attract visitors.

There may be some physical constraints to this development as home broadband is now considered by many on the island to be too expensive

relative to speeds available. There is a relative lack of competition with Jersey Telecom a former monopoly provider on the island, but able to charge rivals for broadband access. CICRA consumer survey results have shown that almost half of respondents on Jersey did not consider their broadband satisfactory; and price has been a bigger driver of switching services than speed.

Travellers increasingly expect good signal on mobile devices and fast broadband in hotels as they travel. Connections which are substantially below the speed and reliability of the service at home can yield a negative perception of the destination. It can also affect the ability of tourists to post on social media and share positive experiences.

For Jersey one identified, critical need is to update the electronic skills of those working in the hospitality and tourism sector. Guesthouses, in particular, need to be more technologically aware to take advantage of the available benefits from technology including better marketing as well as easier management of staff and costs. Some initiatives are in place to improve use of technology but electronic communication may not be reaching some potential beneficiaries.

Case Study: Roaming charges in the EU and Jersey

Mobile phone operators are coming under pressure to reduce and erase charges for the use of mobile devices outside the range of the home network. In June 2013 the European Commission decided that entrepreneurship and trade would be enhanced by the total abolition of roaming charges within its plans for a Digital Single Market: currently due to come into force in 2017.

However, networks may still be able to apply charges for the use of mobile devices within Jersey which could impact on business on the island and make Jersey a less attractive destination relative to other EU destinations.

Jersey's main source markets have some of the highest rates of online penetration in the world. In the majority of EU countries penetration rates are now above 75% and UK 91% of UK households and 83% of French households are online. A large, and growing, proportion of people use online platforms to book accommodation and travel. And many of these also use the internet on mobile devices; 79% of UK residents aged between 16 and 74 access the internet on the move.

Data costs will likely disincentivise social media status updates, the sharing of photographs, user-generated content on reviews etc. The cumulative effect will be to reduce Jersey's relative 'visibility' compared with a range of other destinations.

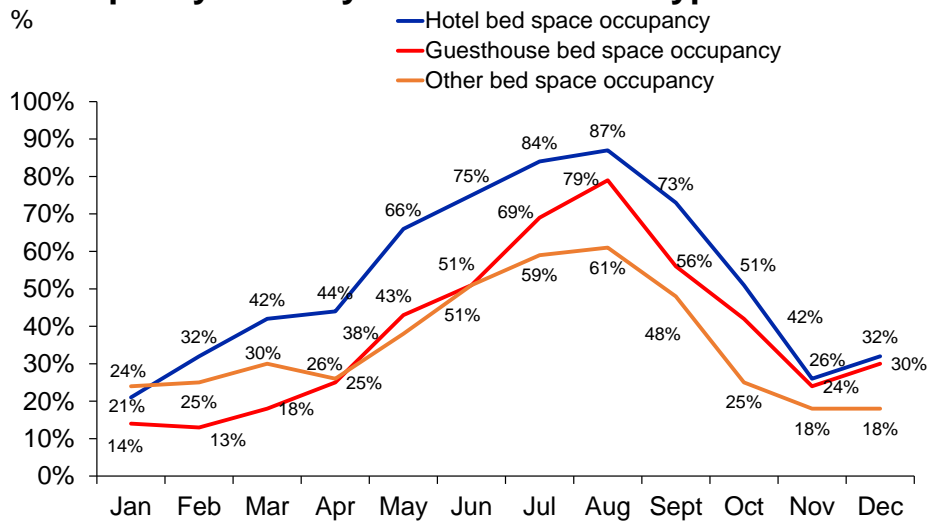
6. SEASONALITY

6.1 SEASONAL PATTERNS IN JERSEY

Accommodation occupancy rates are low in Jersey, especially outside the main peak season, even accounting for the fact that the number of available bed-spaces is around 60% higher during peak months. Occupancy rates for non-hotel accommodation is even lower than for hotels throughout the year. There is considerable scope for growth with better use of the available capacity.

Jersey's tourism remains strongly concentrated in the peak summer months.

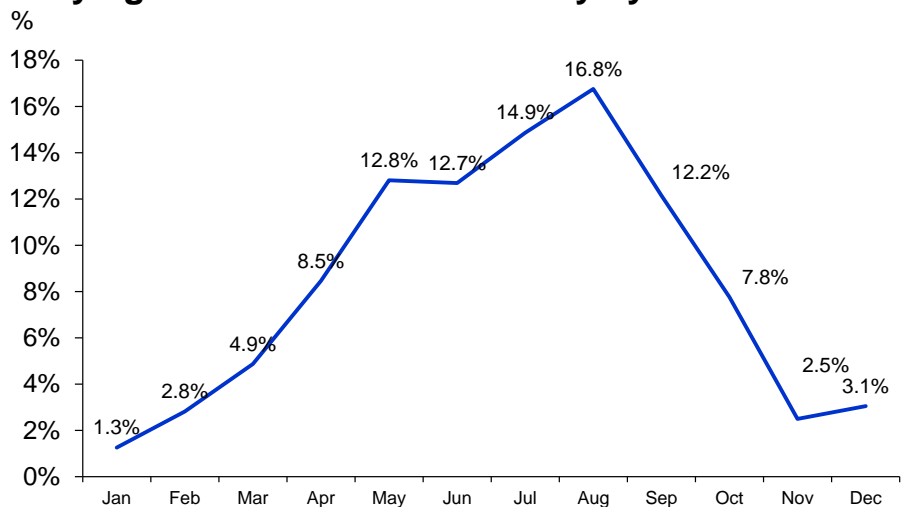
Occupancy rates by accommodation type



Source: Tourism Economics

Jersey's tourism remains strongly concentrated in the peak summer period, and notably in August.

Staying Leisure Visitors to Jersey by month



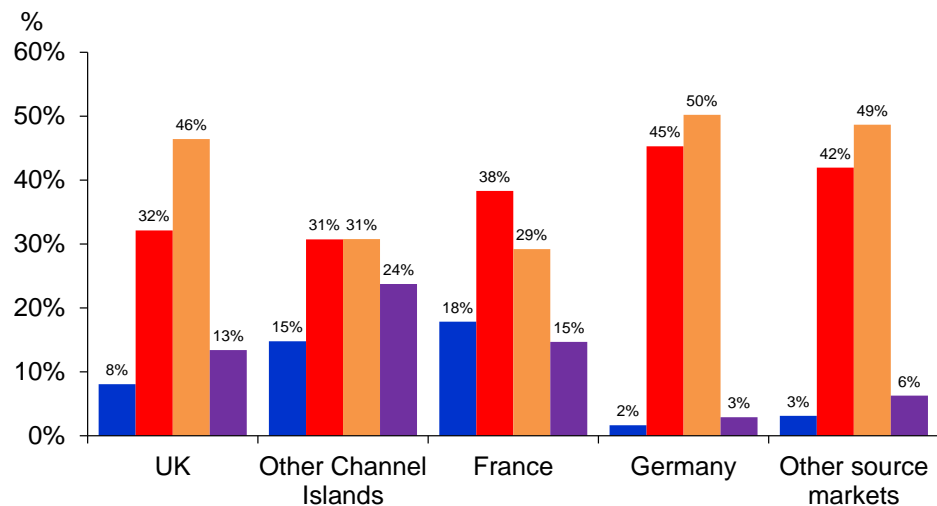
Source: Tourism Economics, Visit Jersey

Seventeen percent of staying leisure visitors stay in August. The summer and immediate shoulder months covering the period from April to September account for 78% of all staying leisure visitors.

Data for different source markets suggest that there may be variant attitudes towards off-season travel. For example, the French are more likely to visit Jersey during the off-season months of January to March and October to December. One third of French visitors arrive in those two quarters. To some extent, this might be related to the ease of access to short breaks on Jersey from some nearby French regions.

There is a different pattern for travel from the UK source market, as well as other smaller source markets which are much more seasonal. Intra-Channel Island travel exhibits a much smoother pattern of visits through the year, partly because this is not confined to holiday activity in the same way.

Seasonality of source markets



Source: Tourism Economics, Visit Jersey

One way of enhancing overall revenues from tourism is to expand tourism in shoulder and off-season periods. Labour in the sector is not being utilised fully in off-peak periods and pressure on roads is currently only in the summer peak period.

A reduction in seasonality, and an increase in off-season demand is a clear strategy attempted by many other destinations. For example, this has been successfully achieved in Iceland in spite of the lack of winter sunlight. There are further examples of reduced seasonality in benchmark destinations across the UK.

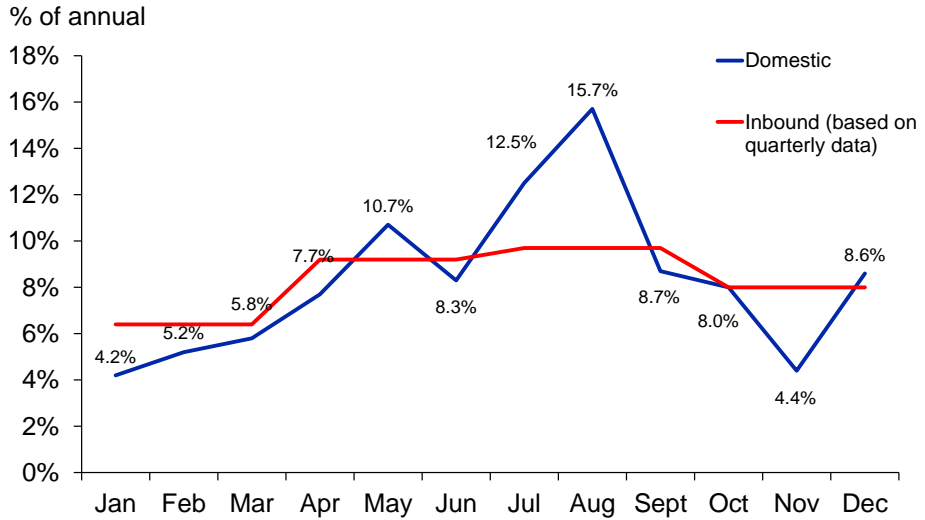
Reducing seasonality requires some change in emphasis, ensuring that there is a sufficient product to accommodate these out of season visitors. Some improvement in access, available accommodation and staffing may be required, but there is scope to reduce seasonality with the current capacity. A further crucial factor is to ensure there are enough attractions, activities and retail opportunities available on a year-round basis, and that the current tourism offer is clearly publicised to potential tourists.

6.2 SEASONALITY IN COMPETITOR DESTINATIONS

There has been some improvement in seasonality elsewhere in the UK.

Domestic travel in the UK follows a clear seasonal pattern, although this has been addressed to some extent in recent years. This is particularly evident for the South West of England (including Cornwall, Devon and Dorset) is highly seasonal with a clear peak in travel in August in 2015 data. Inbound visitor data is only available on a quarterly basis, and while it is less seasonal overall, it follows a similar pattern to domestic travel. Analysis of seasonality focusses on the monthly domestic data.

Total Arrivals to South West England - 2015



Source: Tourism Economics, Visit Britain, ONS

In recent years, there has been some shift in the monthly distribution of arrivals in the South West. Since 2010 a higher proportion of travel has taken place in off-season months and notably in the December to February period. Growth has been especially high in December potentially related to promotion of travel over the traditional Christmas and New Year holiday period. Growth in visitor volumes are evident for all months, confirming that this has been additional growth rather than dissuading visitors in any particular peak month.

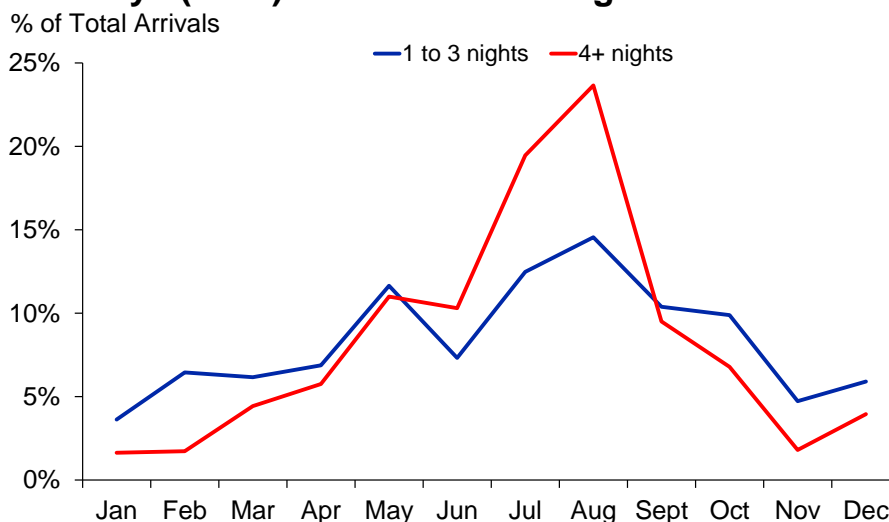
It is easier to achieve a shift in seasonality in some types of holiday visit than in others. For example, data for holiday visits to South West England demonstrate that short breaks are more evenly spread throughout the year than longer trips which remain concentrated in peak season in the region.

Additional short breaks can produce a reduction in seasonality which appears to be part of the reason for the reduction in seasonality in the South West as short breaks account for a moderately higher proportion of travel to the region in 2015 relative to earlier years.

The increase in the share of travel to the South West in the off season is higher than the change in share for either short-stay or long-stay holidays alone. This confirms that the increase in short trips did indeed help to reduce, but not erase, seasonality in the region.

An emphasis on shorter trips can help to combat seasonality.

Holidays (Pure) to South West England



Source: Tourism Economics

There is similar opportunity for Jersey to reduce seasonality through promotion of short trips but this is more of a challenge given the higher travel costs involved. It also has to be acknowledged that some seasonality will always remain in visits to Jersey and also the majority of European destinations.

Patterns of seasonality are not especially marked in London on account of its range of things to do all year around and the high base of business travellers. For example, nearly one quarter of international arrivals visit in the October to December quarter. Despite the similar high share of financial services and a year-round base of business visitors, it is unlikely that Jersey will be able to emulate this performance.

The Bermuda National Tourism Plan set out to address seasonality and create 'a year round tourism product'. In 2011 Bermuda's tourism industry was highly seasonal with May to August having the highest average occupancy rates of 70–80% whilst occupancy rates in December to February were beneath 30%. The Plan included the intention to target sports team training in shoulder seasons as well as 'signature events' such as the Bermuda Festival of the Performing Arts. Food, culture and heritage also have a focus as tourism attractions over the winter months. There has been some improvement in seasonality in Bermuda since, but tourism remains a highly seasonal sector.

One implication of shorter stays is that visitors travelling for just a long weekend may wish to visit shops on Sundays, which is constrained by current Sunday Trading restrictions. This is a potential challenge for Jersey in marketing short breaks, especially to travellers from UK and France who are used to shopping on a Sunday. Several changes have been proposed in recent years, including a suggested trial period for some trading for larger, but these have all been turned down, partly on the basis that online retail can fill some of the need for residents. 'Keeping Sunday special' is part of the island's cultural heritage, and could be marketed as part of the appeal to visitors.

Case study: Seasonal shift in Cornwall

Seasonality has been reduced for domestic travel to Cornwall and an ‘Economist’ article¹⁶, suggests that seasonality of unemployment has been reduced to almost nothing. As winter unemployment has been cut, earnings in the local economy have increased.

This has been achieved partly through huge one-off investments such as the Eden Project. Notably, Eden is indoors so it is not dependent on Cornwall’s variable winter weather. Whilst Visit Cornwall believes that the Eden Project has been pivotal, there have been no guarantees of success. In 2004 the Gaia Energy Centre closed after trading for only three years, having attracted only around one tenth of its expected visitor numbers.

The influence of food tourism has also played an important role, including Rick Stein’s influence in Padstow. In December 2015 more than 50,000 visitors were attracted to its food festival.

However, there is also a second arm beyond tourism which may have influenced the changing statistics. Cornwall’s retiree population has supported businesses over the winter. There is an unclear relationship between these retirees and the controversial issue of second home ownership.

Cornwall has a relatively high proportion of second homes (between 5% and 11% depending on the source of the estimate). It is likely that a significant proportion of Cornwall’s retirees actually earned their savings in other parts of the UK, eventually turning their second homes into retirement properties. So, although it is not clear that second homes shift seasonality, they may facilitate the retiree effect.

Case study: Seasonal shift and the Bermuda National Tourism Master Plan

Like Jersey, Bermuda was faced with relatively high occupancy rates over the summer months in contrast to occupancy rates of beneath 30% over the winter period. This was in spite of a significant loss of hotel room spaces as the share of visitors arriving as cruise passengers had risen. Between 1980 and 2011 hotel supply decreased by some 44%.

Bermuda has tried to change the vocabulary of its tourism industry’s seasonality and the objective is to remove this concept. For example, The Bermuda Festival of the Performing Arts takes place in what was traditionally considered the ‘shoulder season’. However, it is now to be considered the ‘peak season for the arts’. The promotion of spring training grounds for sports teams also takes place during a similar period. The island is aiming to reposition its geographic focus and competitor set. Struggling to compete with some Caribbean destinations, it is rebranding itself as a year-round ‘Atlantic’ (rather than Caribbean) island. Behind this shift in branding is the belief that Bermuda ‘is not a one-dimensional destination; it has attributes that will appeal to a variety of niche groups’.

¹⁶ ‘Cornwall’s economy: Winter sun’, Economist (16th Feb 2016)

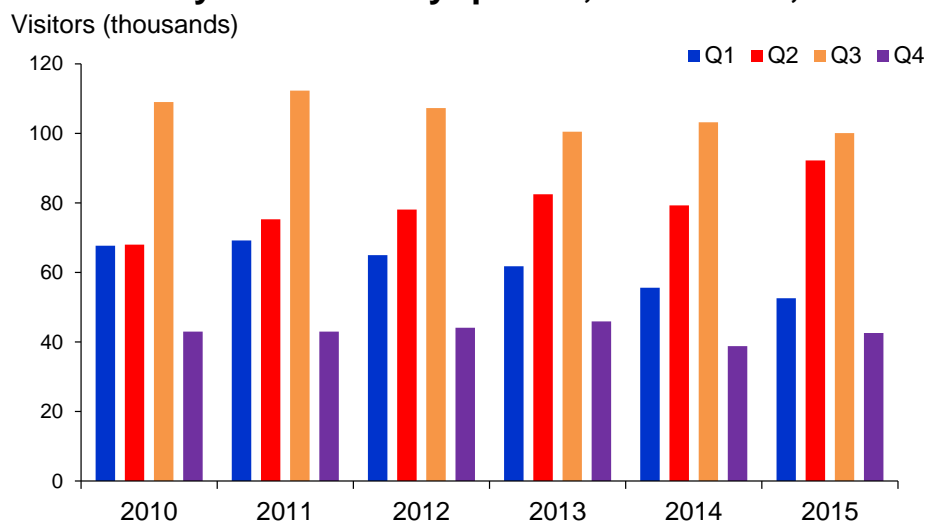
<http://www.economist.com/news/britain/21693262-tourists-summer-favourite-finding-new-ways-survive-winter-winter-sun>

Other competitor destinations have made efforts to reduce seasonality with mixed results to date.

Visit Isle of Wight is developing early and later season marketing initiatives to encourage shoulder season growth. It has started work on a series of ‘festival weeks’ which will celebrate niche activities across the year. In their strategy there is considerable emphasis on the difficulties of attracting foreign investment, lack of investment in public infrastructure etc. But the Isle of Wight’s strategy identifies the lack of four and five star properties as a significant problem and wants more focus on the value (rather than just volume) of tourism. In contrast, Jersey is currently top-end heavy relative to the mid-scale market and needs a more diversified mix of accommodation properties on the island. So, although the Isle of Wight is attempting to extend the season and diversify the mix of visitors it is coming from a different direction to Jersey.

The Isle of Man Government Tourism Division strategy has a specific criterion in assessing applications for TEDS Tourism Development Scheme funding focused on impacts on seasonality. The strategy has been to target the timing of events for autumn and spring to avoid simple displacement of tourism business in peak months. It also encourages specific events to attract new visitors, including areas such as golf, triathlons, road race cycling and Dark Sky.

Seasonality of visitors by quarter, Isle of Man, 2015



Source: Tourism Economics, Isle of Man Passenger Survey

The Isle of Man’s strategic aims are a response to its current trends in tourism. They have managed to achieve a very small shift from the third quarter to the second quarter but first quarter visitors are declining and fourth quarter tourism is stubbornly static. But it may be too early to see the full results of this policy shift.

Pembrokeshire has achieved some shift in arrivals towards the second quarter ‘spring shoulder’ from the peak in recent years, but it is not clear that this shift

Available resources would support additional visitors in the off-season and would be a more productive use of resources.

was targeted. The only mention of shifting seasonality in the County Council’s Draft Tourism Strategy is with reference to ‘the appropriate development of events such as Pembrokeshire Fish Week outside the main summer season’.

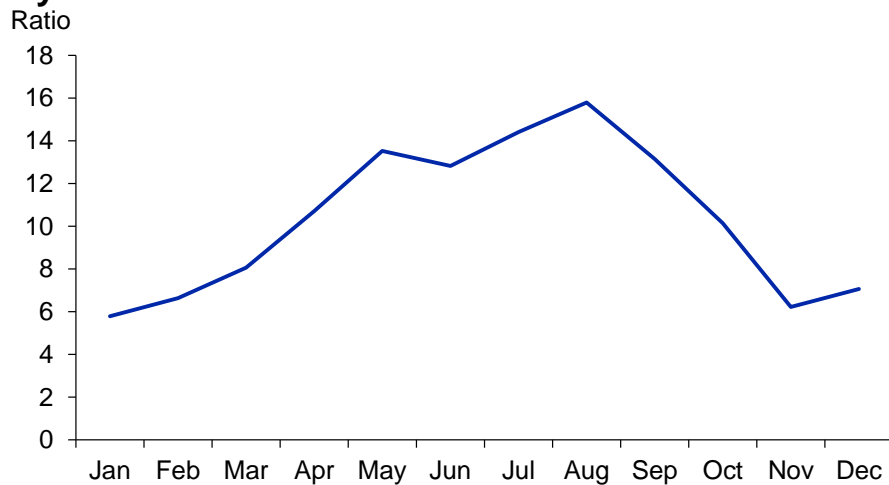
The decline in Jersey’s ‘meetings, incentives, conferences and exhibitions’ (MICE) market poses an additional challenge. Conference delegates have fallen by two thirds in the past five years. European regional conferences have probably suffered most since these now almost inevitably involve two flights. Jersey has to make up for this loss. One possibility might be academic events – perhaps around the island’s archaeology. This option has the advantage of requiring similar standards of hotel accommodation. Another possibility is increased school trips, which could help to generate future demand by increasing familiarity with the island in source markets, but this would have a change in the accommodation requirements.

6.3 THE IMPACT OF SEASONAL SHIFT ON JERSEY

Employment in Jersey tourism also includes a seasonal element with more workers employed in the summer months than during the winter. In 2015 the hotel and restaurants sector employed 6,240 employees in June but only 5,230 in December. The number of full-time and part-time employees is lower in the winter than in the summer for the sector. This reduction in staff is less than 20%, while the seasonal reduction in visitors and hotel guests is much greater.

Some permanent staff will be retained throughout the year and a minimum number of employees are required for operations regardless of the number of hotel guests. During quiet periods these permanent staff will not be as busy as during peak months of the year, hence the current resources would be able to accommodate a greater number of visitors.

All tourism arrivals (incl. day visitors) per employee by month



Source: Tourism Economics

As a simple example of this, Tourism Economics has calculated the ratio of visitors to employees throughout the year. This allows for the fact that there are

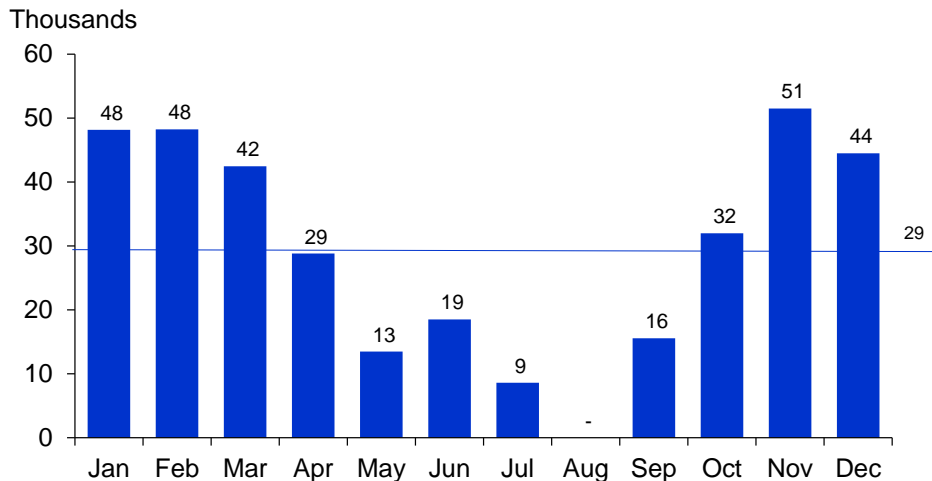
seasonal migrant workers on Jersey during the summer who are not present in the winter. It also allows for the fact that locals also use services such as restaurants and pubs and that they do so all year around. This demonstrates a theoretical maximum opportunity for greater productive use of current resources. It also demonstrates the extent of the fixed costs for the sector in terms of employed staff who have to be paid to ensure ongoing operations regardless of whether a premises has customers or not.

At peak there is a ratio of almost 16 arrivals per employee in the sector in Jersey. This drops to a low of 6 arrivals per employee in winter months. Assuming that each employee can work at peak productivity throughout the year a maximum theoretical capacity for guests can be estimate given the current employment levels. The difference between this maximum and the current visitor volumes for each month is presented in the chart below to illustrate the potential opportunity.

This simple calculation suggests that there is a maximum potential to accommodate around 350,000 extra arrivals each year through more productive use of employees in the off-season. This would raise total arrivals in a year to over one million visitors.

There is scope for more productive use of current resources to accommodate additional guests in the off-season.

Theoretical maximum opportunity each month: additional arrivals



Source: Oxford Economics

Demand is unlikely to be realised in this way in reality and the steep rise in visitors suggested for months such as November or February is not being proposed a viable growth scenario.

Instead this illustrates the potential for growth in the off-season and that some capacity for growth exists through more productive use of existing resources with a reduction in seasonality.

However, other services may provide greater barriers to removing seasonality, including public transport provision. Public bus is the most popular form of transport amongst visitors and shifting seasonality would require that routes be run off-season. This, of course, would also have beneficial impacts on residents since they would have more public transport provision even off-season.

Cultural tourism and its potential role in Jersey's growth

Cultural tourism offers Jersey an opportunity for visitor expansion, especially in shoulder seasons.

The exploration of culture is a key motivator for travelers, accounting for 22% of tourism trips made by EU citizens in 2011. The definition of 'cultural tourism' is necessarily subjective but Visit Britain argues that 28% of tourism can be attributed to 'culture and heritage', which would include visits to theatres, sporting events, film locations, castles, museums, galleries, famous buildings, live music or arts festivals. The Internet provides a tremendous opportunity to motivate travel by exposing cultural assets to consumers. Jersey may currently be behind the curve.

Jersey's art offer seems currently to be very limited, but it can also be very difficult just to superimpose art space on to a town. The location of the Tate at St Ives is associated with a range of modern artists but, particularly, with Barbara Hepworth. The Turner Contemporary Art Gallery in Margate also exploits the town's artistic associations with J.M.W. Turner.

However, Jersey has fallen behind in its ability to capture film and television tourism too. The impact of film on tourism is estimated to be £2.1 billion by Oxford Economics and phone apps and podcasts have been designed for 'Harry Potter' and 'Sherlock Holmes' locations. The TV series, *Bergerac* aside, many of the films which used Jersey as a setting date from the 1950s and 1960s.

Competitor areas have been the setting for films and television series whose impact has gone well beyond the local area: 'Hinterland / Y Gwyll' filmed in and around Aberystwyth; in Cornwall the Bond blockbuster 'Die Another Day' filmed near Newquay, the 'Doc Martin' locations such as Altarnun and Port Isaac and the current 'Poldark' series. The Isle of Wight – not a prolific filming location - has been keen to promote itself in this field and English Heritage is opening Osborne House for the forthcoming, 'Victoria and Abdul'. Visit Dorset is keen to cash on locations in 'Broadchurch'. Beyond England and Wales, Northern Ireland has received a significant boost in tourism on the back of 'Game of Thrones' as has New Zealand from 'Lord of the Rings'. However, it is critical to generate the right climate and encourage the film industry. The Isle of Man's attempt to directly subsidise a film industry has actually resulted in the loss of millions of pounds.

Jersey may be doing better in terms of festivals. Events-led tourism has a high average spend and higher than current average spend on Jersey. Positioning the former Jersey Live festival in a shoulder month was a move towards extending the season on Jersey with the event being held in September, broadly echoing the timing of some Cornish music events such as Looe Music Festival¹⁷. There are other festivals in niche markets such as the former Branchage Short Film Festival but these often have limited external exposure. In October and November both Jersey and Guernsey participate in 'Tennerfest', a fixed-price food festival, but the main beneficiaries are residents. Of course, Jersey itself does not have complete control over the timing of some events. One of the largest events in recent years was the hosting of the Island Games. This was a major tourist draw but the timing of the event in the last week of June and first week of July was not down to Jersey and there will have been considerable displacement. Furthermore, Jersey could make more of seasonally flexible projects such as the Petit Tour de Manche¹⁸. The island already hosts a well-regarded literature festival in the Festival of Words as well as the Jersey Eisteddfod (in two parts: creative arts in March and performing arts in November).

¹⁷ In January 2017 Jersey Live's organisers announced the end of the annual music festival. There may be something to replace it.

¹⁸ <http://en.tourdemanche.com/>

7. PERFORMANCE TARGETS

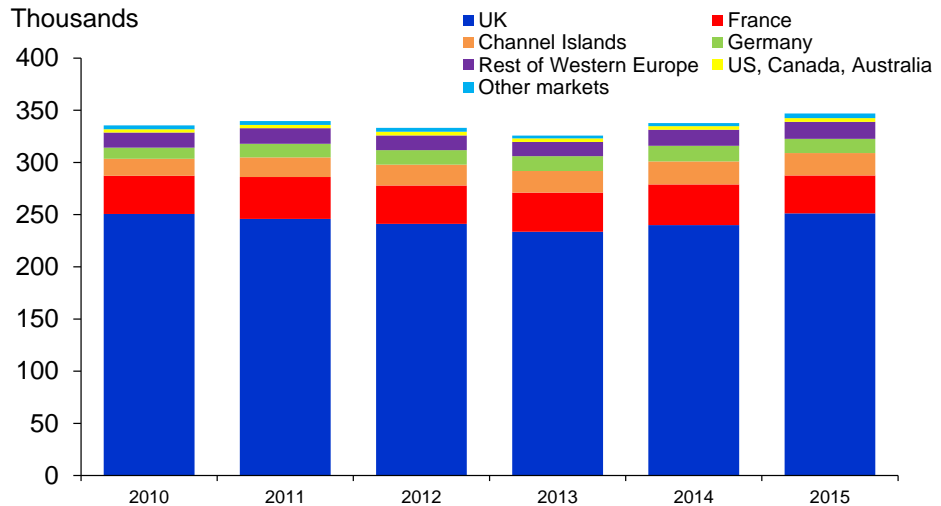
7.1 JERSEY DESTINATION PLAN

The vast majority of arrivals are still from the UK, France and the other Channel Islands.

The Jersey Destination Plan is only one year old and Visit Jersey, still early in its existence, is taking forward the recommendations. The Plan lays down an ambition for an increase to one million visitors per year by 2030, from the current levels of just over 700,000 visitors a year. This target is challenging as most of the increase will have to come from leisure visitors. They currently account for just under 350,000 visitors, and over 80% growth will be required in staying leisure visits to meet the target, assuming no growth in other visitor types.

However, two decades ago Jersey was getting around a million visitors a year. Therefore, it is not impossible. However, the factors which have permitted travellers to go elsewhere are not likely to be reversed.

Mix of source markets for staying leisure arrivals



Source: Tourism Economics, Visit Jersey

The vast majority of arrivals continue to be from the UK, France and the other Channel Islands. Germany and the remainder of Western Europe make up most of the remainder and have grown significantly over recent years with the share of arrivals rising from 7% to 9%. Source markets beyond this do not account for any significant share of tourism arrivals in Jersey. But these may be developed as niche markets for example by developing links to the Normandy Landings for US visitors as suggested in the Jersey Destination Plan.

The Destination Plan also includes a target for spending of £500 million by 2030; an annual average increase of 5% in nominal terms. With the targeted rise in visitor volumes this would involve an increase in spend per visitor from £330 to £500, an increase of 2.6% per annum. However, given that inflation is expected to average 2.5% over this period this would involve minimal increase in real visitor spending: from £330 to £340.

It is not feasible to expect major increase in average spend in real terms since there is limited scope to attract higher spending visitors, but maintaining consistent average spend will be a challenge if visitor growth involve more travel in the off-season. Off-season breaks are likely to be cheaper on a per day basis than August peak charges. We also know that these additional trips tend to have a shorter average length of stay. Moreover, some types of visitor which may be encouraged, such as day or cruise visitors, will have far lower average spend per head. That means that there will have to be counterbalancing forces at play, such as festival visitor spend.

	Visitor target	Nominal spend (£m)	Inflation Index	Real spend (£ m)	Nominal spend / visitor (£)	Real spend / visitor (£)
2014	700,000	232	1.00	232	331	331
2020	800,000	311	1.16	268	388	335
2030	1,000,000	506	1.48	341	506	341

Targeting Chinese visitors

In 2011 the States of Jersey Economic Growth Strategy identified that Jersey is getting a very small share of the Chinese market. It was suggested that Visit Jersey, as a new marketing agency, would be able to address this with an aggressive marketing campaign in Beijing, Hong Kong, Shanghai and other Chinese cities:

“Without detracting from the investment in the key UK market, growth and/or market entry strategies will be deployed in high value markets such as China. In 2010, c.1 million Chinese tourists visited the UK. This number is expected to triple in the next 5 years. Visitor statistics indicate that few if any Chinese tourists visited Jersey during their UK vacation. Building on recently developed relationships with Chinese authorities Jersey will aggressively market the Island in key cities such as Beijing, Hong Kong and Shanghai with the objective of attracting to Jersey 1% of Chinese visitors to the UK.”

Tourism Economics would dispute whether the figure for Chinese visitors to the UK was in fact correct, while growth expectations also appear optimistic. More recent data show that arrivals from China remain very small, and still represent a small share of the UK market. China is likely to remain only a niche market for Jersey.

It is unclear that Jersey has much to offer at present to typical Chinese travelers and tourism strategy should continue to focus on core markets such as UK and France, as well as some expanding source markets such as Germany and Scandinavia. Direct flights from Jersey to a Scandinavian airport such as Gothenburg or Copenhagen, for example, could be encouraged. Germans have the highest on-island expenditure because their average length of stay is so much higher than UK visitors but their arrivals are currently heavily dependent on tour operators.

Also included within the Destination Plan is the ambition to be ‘close to 95%’ occupancy in the peak season by 2030. Whilst this is not impossible, it will be very hard to achieve and very few destinations experience such strong hotel performance for a prolonged period over a peak season. It may also give the wrong focus since Tourism Economics believes that the largest issues in Jersey are in the very low occupancy during the off-season. By making the peak season a target there is a danger that attention is diverted from other addressable issues.

7.2 SCENARIO MODELLING

Five alternative scenarios are described to illustrate what might happen to the number of visitors to Jersey over the coming decade and a half. The first two are based on market shares of outbound visitors from the main source markets to Western Europe. The final variants describe what would be required to meet targets or to regain prior peaks.

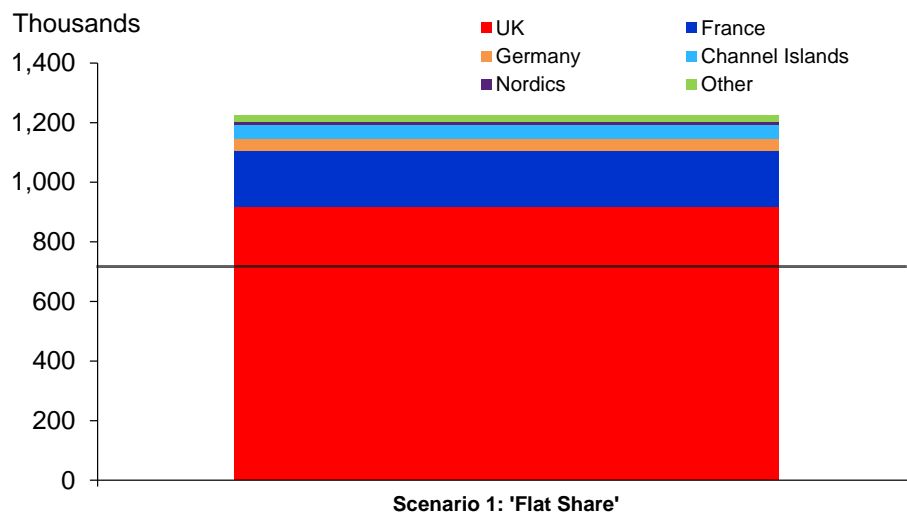
Jersey’s share of travel from key source markets to a broad definition of comparable destinations is considered for these scenarios, including some analysis of recent trends in market share. Travel from source markets to Western European destinations is taken from Tourism Economics’ Tourism Decision Metrics (TDM) forecast database, which collates historic data for global travel flows and produces forecasts to 2030 according to expected economic and demand developments by source market. Market share is calculated by taking the ratio of travel to Jersey relative to this broader demand. Jersey leisure travel by source market is reported and source markets for other types of visitors are estimated according to this distribution.

If market share decline is arrested the visitor target would be surpassed.

SCENARIO 1: MAINTAINING CURRENT SHARE

In this scenario, travel to Jersey grows in line with expected outbound travel growth by source market; the share of travel to Jersey is held constant at the 2015 rates.

Source market share under Scenario 1



Source: Tourism Economics, Visit Jersey

The scenario suggests total arrivals (including day visitors) of around 1.22 million by 2030; 70% growth over the current levels (indicated by the black, horizontal line on the chart) and more than meeting the target in the Jersey Destination Plan.

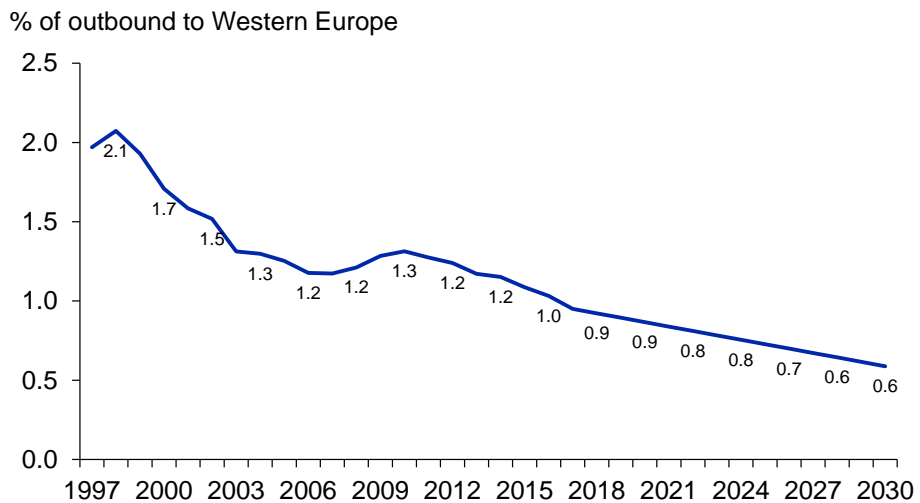
The largest market will remain the United Kingdom by a considerable margin under this scenario. This assumes that the downward trend in Jersey's share of UK outbound travel is arrested allowing growth in line with expansion in UK outbound demand. Some growth is also expected for other markets, and notably France would also see considerable growth on current volumes.

Further loss in market share at current trend rates would lead to lower arrivals.

SCENARIO 2: CONTINUATION OF TREND SHARE

Jersey is assumed to continue to lose market share from key markets in this scenario, consistent with the past trend. Jersey's share of travel to Western Europe by main market over the period from 2000 to 2015 is used for a linear extrapolation to 2030.

UK - Jersey share of outbound to Western Europe



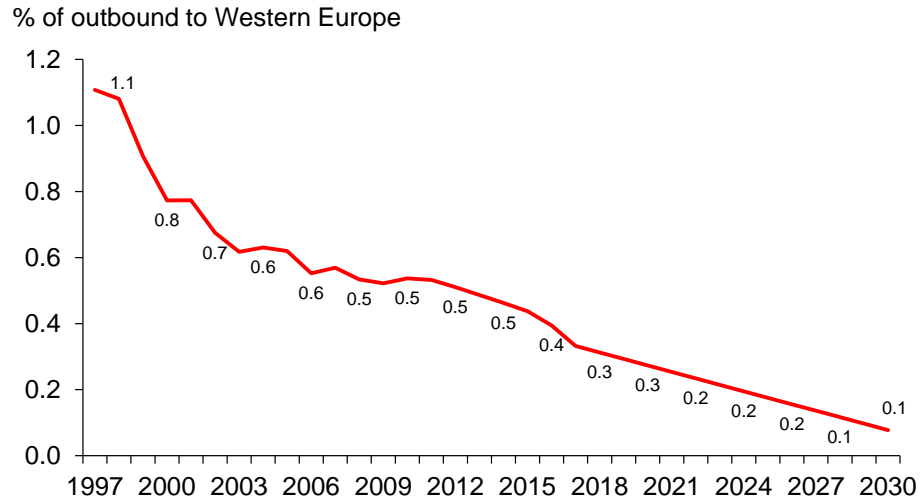
Source: Tourism Economics, Visit Jersey

As an example, Jersey received around 1.7% of all of the UK's travel within Western Europe in 2000, but this share fell to 1.1% by 2015 as travel to Jersey from the UK fell, while total outbound demand rose. It is assumed here that this trend in market share continues and by 2030 Jersey only receives 0.6% of UK travel Western Europe.

Future trend share falls are even steeper in France. This is more questionable and in reality there is always likely to be some minimum amount of travel from Normandy and Brittany to Jersey simply on account of its proximity.

Although there are currently fewer visitors to Jersey from Germany than there were in 1997, the 2000 to 2015 analysis period shows share of departures to Western Europe from Germany going to Jersey has been rising slightly which is extrapolated to 2030. And, whilst 2015 visits to Jersey from Nordic countries is well down on 1997, some increasing share is forecast based on performance over 2000 to 2015.

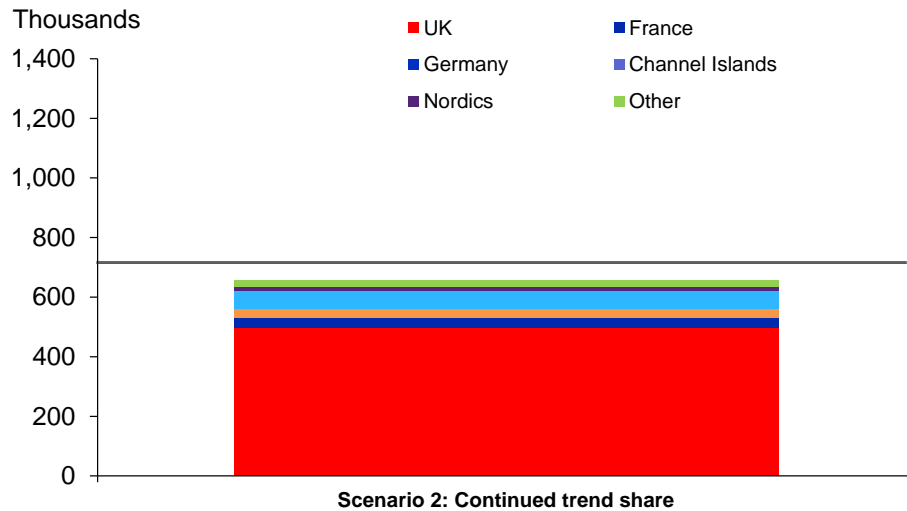
France - Jersey share of outbound to Western Europe



Source: Tourism Economics, Visit Jersey

Under this scenario, travel from the UK and France would fall significantly. Although, the share of visits from the UK would rise moderately to around 76% of total visits. Some moderate growth from Germany would mean that this market becomes almost as large as France. Visits from the other Channel Islands are assumed to expand moderately by 2030 whilst travel from other markets is assumed to be roughly flat. Total visitors to the island in 2030 (including day trippers) is estimated to be around 657,000; well below both the current volume of visitors and the 2030 target levels.

Source market share under Scenario 2



Source: Tourism Economics, Visit Jersey

Reversion to historic highs in market share would exceed targets and available capacity by a long way.

SCENARIO 3: REVERSION TO HISTORIC HIGH

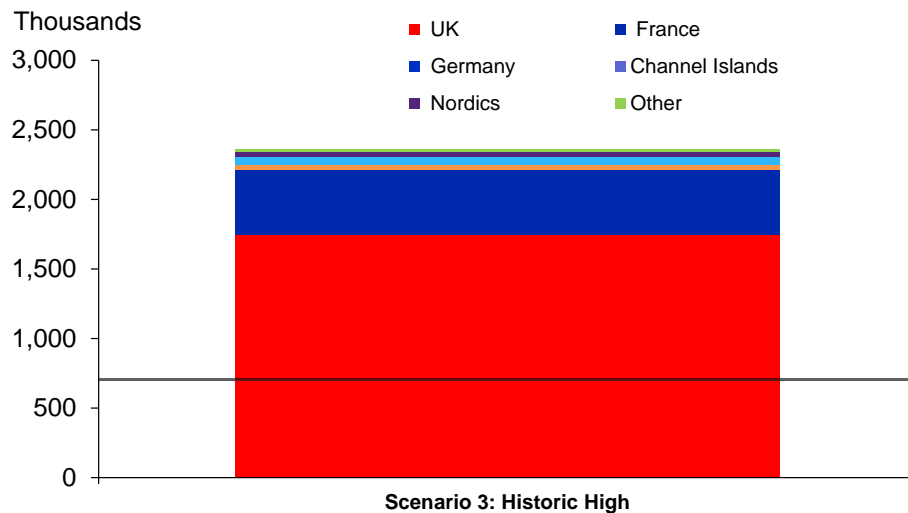
A reversion to the historic peak rates of market share would imply very large growth in arrivals and would exceed visitor targets by a long way. The 2030 target of one million visitors still implies a loss of market share relative to past trends.

This scenario assumes a reversion to the highest market share from a market over the past twenty years for which we have access to reliable data; this typically, but always, occurred in 1997 or 1998. A reversion to the true historic peaks of the late 1970s would involve even higher growth.

This results in a total visitor volume forecast for 2030 of more than 3 times the current level to 2.36 million visitors; and more than double the visitor target. This is also much higher than the peak level of visitors over the past twenty years and illustrates the extent to which the travel trends to Jersey have diverged from overall demand by source market. This level of visits would not be desirable and would surpass available capacity.

The target of one million visitors by 2030 does not require a full reversion to Jersey’s historic levels of market share and would not require large changes to become a mass market destination for any source markets. It can primarily remain a destination for the minority of higher value visitors, taking a smaller share of demand over time, and still achieve growth.

Source market share under Scenario 3

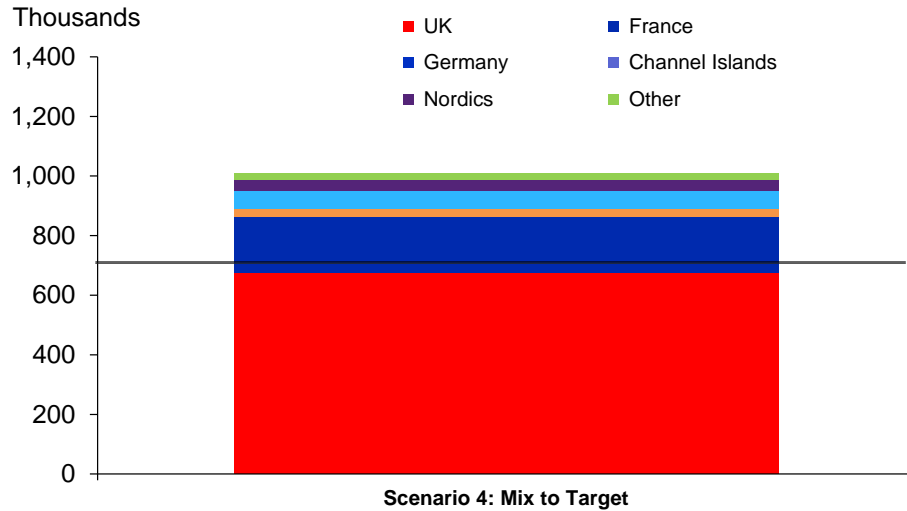


Source: Tourism Economics, Visit Jersey

Targets can be achieved with some fall in market share and diversification.

There are a considerable number of permutations in origin market growth which can allow the target of one million visitors to be reached. This scenario describes a set of reasonable assumptions involving growth from different markets including some diversification of source markets.

Source market share under Scenario 4 (mix)



Source: Tourism Economics, Visit Jersey

One million visitors would be achieved by these assumptions, and the revenue target of £500 million would also be achievable. Some shift in seasonality and associated reduced length of stay from these shoulder season short visits would be counteracted by a conversion of some French day trippers to short stays. In aggregate, spend per visitor should remain broadly constant in real terms under these assumptions.

Under this scenario, reliance on the UK source market would fall to account for two thirds of total arrivals.

Assumptions for this scenario are as follows:

- The declining share of UK outbound market continues initially under this scenario before stabilising due to assumed improvements in access. An improved situation at Jersey Airport regarding landing in poor weather conditions and a more reliable ferry service from England, including provision of a back-up ferry, would slow and potentially arrest the decline in market share. More reliable transport during the shoulder seasons will allow a gradual shift in tourism growth towards this time of the year.
- UK growth should be supported by some switch away from UK residents' short breaks in the Eurozone on account of the weaker buying power of Sterling, at least in the short-run. Jersey's share of the UK market is assumed to continue to decline from the current rate of 1.1% to 0.8% and then stabilise at that share.
- The falling value of Sterling should also help to stop the decline of Jersey's share of French departures. It is also assumed that Jersey takes the opportunity to raise standards on the ferry service and improve its welcome for French visitors, including in terms of language

ability. Some conversion of day visitors to short break staying visitors could also be targeted to raise average spend per visitor. The target would be to return to the current share of French departures by 2030.

- Germany is a further growth market, albeit a relatively small one. Its share is assumed to rise in line with the trend between 2000 and 2015.
- Some more specific targeting of the Nordic market could well exceed the gains from the 'Historic High' scenario if this included some direct low cost flight links with the region. In the scenario, this market is assumed to return to a 0.09% market share of Western European departures from the Nordic countries.
- A gain of 10,000 visitors is assumed from the other Channel Islands plus no change in numbers from other markets.

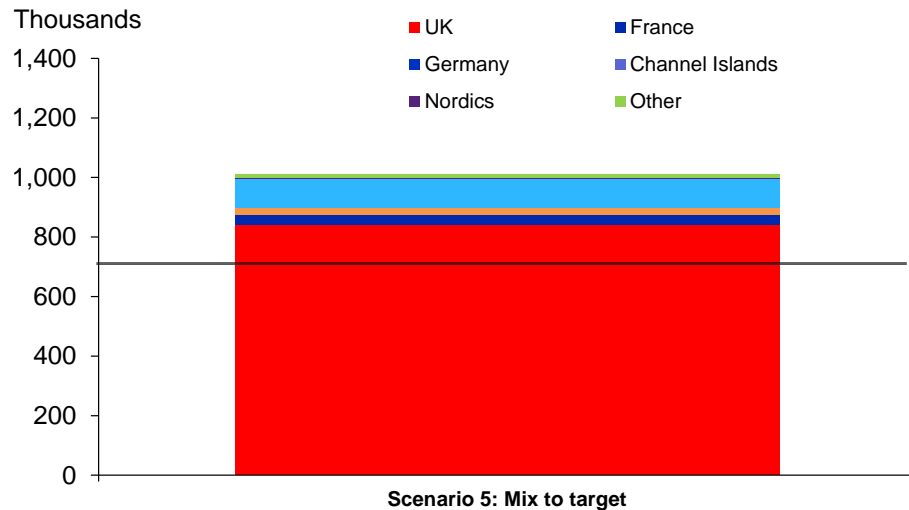
Targets can also be achieved with an even narrower focus on the UK market.

SCENARIO 5: UK FOCUSED GROWTH TO ACHIEVE TARGET

The target of one million visitors can also be achieved under a scenario involving a greater concentration in visits from the UK. This would be a riskier approach as demand from a more diversified set of markets hedges against market specific risks. The 'UK' focus of this scenario is demonstrated by the fact that 83% of arrivals would be from the UK and 93% from the UK and the other Channel Islands.

Visitor spend targets may not be achieved under this approach as some increase in short stay visitors with lower average spending per trip would be required.

Source market share under Scenario 5



Source: Tourism Economics, Visit Jersey

- In this scenario, the main focus is on improving both air and sea links with the UK, and notably the capacity, frequency and reliability of the ferry service to England. It is assumed that this stops the trend in declining market share and by 2030, Jersey has a 1.0% share of UK outbound to Western Europe. This is moderately lower than the current share of 1.1% and far higher than would have been expected given longer term decline.

- The falling value of Sterling only provides a temporary boost to French travellers to Jersey after Brexit under this scenario and the opportunities to reach new markets in France are not taken. Ferry improvements are not replicated between St Malo and Jersey as that service is already broadly satisfactory. Therefore, by 2030, the Jersey share of French outbound to Western Europe has declined in line with a continuation of the current trend.
- After some years as a growth market, the share of German outbound to Western Europe goes into reverse and is lower at the end of market share calculations for recent years.
- Jersey fails to increase nodal links between the island and Scandinavia and the share of Nordic outbound to Western Europe declines slightly.
- The improvement in the quality of ferry service between the South Coast of England and Jersey also improves connectivity between Jersey and Guernsey. The result is that total visitor numbers from the other Channel Islands double, even though many of these will have relatively low spend and may well be merely day visitors.
- Other markets are not seen as a focus and visitor numbers decline over the period.

Summary table of modelling results (All results in thousands)

	2015 volumes*	Scenario 1: Constant share	Scenario 2: Current trends	Scenario 3: Historic high	Scenario 4: Diversified growth	Scenario 5: UK-centric growth
UK	517	918	497	1,743	674	842
France	106	188	34	473	188	34
Channel Islands	49	49	60	60	60	100
Germany	17	39	30	30	30	20
Nordics	8	8	17	38	38	5
Other	20	20	20	20	20	10
Total	718	1,223	657	2,364	1,009	1,011

*2015 visitor volumes by source market are as reported for staying leisure visitors plus an estimate of other types of arrivals by origin, consistent with the calculations of market share.

8. CONCLUSIONS

A significant contribution to the economy

- The total impact of tourism is equivalent to 8.3% of GVA including wider impacts.
- Tourism activity supports more than 7,000 jobs or 12.6% of all headcount.
- In 2015, 718,000 visitors generated £243 million in revenue for Jersey's businesses.
- Half of all spending by visitors was on accommodation.
- The tourism sector directly generates 3.7% of Jersey's GVA and 8.6% of employment but with some larger benefits to the wider economy. There are strong linkages between tourism and other key sectors in Jersey.
- Tourism employment can provide economic diversification and protect against external shocks.
- Tourism spending raised almost £13 million GST for the Treasury; 15% of all GST raised. Revenues gained from tourism more than offset public funding of the sector.

Islanders benefit from tourism infrastructure and jobs

- Jersey residents benefit from the availability of tourism infrastructure in daily activities. For example, hotels and restaurants for tourists are also used by the island's resident population, improving quality of life.
- Tourism infrastructure helps to support the standard of life enjoyed by those employed in the important financial services sector.
- Better transportation links also affords Jersey residents broader opportunities to travel for business or leisure.
- Tourism infrastructure supports other business activity and inward investment by improving the perception of Jersey as a place to do business.
- The finance industry and the tourism industry share the objective of ensuring good transport connections as well as making Jersey an attractive place to live.
- In an economy where higher level skills are concentrated in the financial services sector, tourism provides a wide range of opportunities and can be a stepping stone for skills development.
- With immigration limits, some better training of residents would help to meet replacement and new employment demand.

Decline can be reversed

- The downward trend in tourism witnessed over the last few decades is not inexorable and can be reversed.
- More productive use of existing resources, combined with some consolidation, can help deliver Visit Jersey's ambitions for increased visitor volumes and tourism revenue.
- Opportunities for growth from the UK are evident – including the core market of the over-55s.

- There are huge opportunities to reduce seasonality in tourism. Competitors from Bermuda to Cornwall have built this aim into strategies – with varying degrees of success in implementation.

Transportation capacity can support expansion

- Jersey is well-served in terms of scheduled capacity for both air and sea access. Capacity is sufficient to accommodate some growth on major routes.
- A reliable service is important as a negative reputation could be associated with Jersey as a destination and dissuade some potential visitors from travel to the island.

Accommodation capacity also offers scope for growth

- Jersey has sufficient accommodation capacity for current visitor volumes and can also support some growth.
- Diversification of accommodation would be beneficial in attracting a more diverse mix of visitors to support growth and reduce seasonality.
- More efficient use of current capacity may be achievable through some consolidation of smaller guesthouses along with adoption of best practice in ICT.
- Self-catering accommodation is not well provided on the island and could be resolved through some consolidation and re-use of the current guesthouse stock. Source markets show a preference for self-catering options as well as hotel accommodation.
- More productive use of the existing labour force could arise from a reduction in the seasonality of visitors due to fixed costs in the off-season.

Natural assets

- The island has an incredible range of natural assets. Making more use of its archaeology, natural assets and walking possibilities would help encourage shoulder season travel, requiring specific, targeted marketing. Some of these areas offer ideal and safe opportunities for school trips. The unique archaeological finds could be used to make Jersey a centre of academic excellence in the field.

Monitoring and data collection are important

- Some additional data collection is required for a more complete analysis of tourism impacts and for ongoing tracking of industry performance.

GLOSSARY

AVERAGE DAILY RATE (ADR)

The average price per paid occupied room in a given time period for an accommodation property.

DIRECT IMPACT

The direct effects of the tourism sector in terms of generating employment or output; economic activity generated in tourism facing sectors.

EXPANSION DEMAND

The net additional demand between two points in time. In relation to the labour market this refers to additional employment required to meet growth in relevant output. This is distinct from replacement demand which represents usual turnover in terms of people changing or leaving jobs.

FULL TIME EQUIVALENT EMPLOYMENT (FTE)

Employment on full-time contracts plus employment on part-time or zero-hours contracts expressed in terms of full-time hours worked.

INDIRECT IMPACT

The additional employment and output generated through the supply chain from purchases by tourism sector businesses. Impacts are calculated through Type I multipliers from input-output tables.

INDUCED IMPACT

The additional employment and output generated by spending of wages earned by those in the tourism sector. Impacts are calculated through Type II multipliers derived from input output tables.

INPUT-OUTPUT TABLES

Tables which describe the sale and purchase relationships between producers and consumers within the economy. These show flows of final and intermediate goods and services defined according to industry outputs. The latest tables for Jersey are available for 1998 which form the basis of multipliers. Tables are outdated but provide the most recent estimates of sectoral output for Jersey, which nevertheless does not change significantly over time.

LABOUR PRODUCTIVITY

A measure of output per worker or hour worked.

OCCUPANCY RATE

The proportion of available accommodation rooms sold during a given period. This is the standard measure of capacity utilisation in the accommodation sector.

REPLACEMENT DEMAND

The element of future employment demand generated by flows out of the local sectoral labour market through people leaving their jobs, retiring, shifting occupation, falling sick or dying.

TOTAL IMPACT

The sum of direct, indirect and induced impacts.

TOURISM SATELLITE ACCOUNT

The Tourism Satellite Account (TSA) is the United Nations-approved method for measuring the contribution of tourism to the economy in a framework consistent with national accounts, using all available relevant data. The methodology was jointly developed by the World Tourism Organization (UNWTO), the Organisation for Economic Co-operation and Development (OECD), the Statistical Office of the European Communities (Eurostat) and the United Nations Statistics Division.

TSA DETAIL & TABLES

METHODOLOGY & DATA SOURCES

All calculation is consistent with data produced by Statistics Jersey and notably the sectoral GVA and employment data releases. Calculation is also reliant on regular data collection for hotel room sales, visitor arrivals by purpose and average spending patterns quantified in the 2012 Travel Survey.

Brief description of the TSA tables, data inputs and calculations are below and the final tables follow. These are the tables described by the UN-Statistics Division Recommended Methodological Framework.

- Table 1 – Inbound Spending

Inbound spending by type of visitor is used consistent with the Visit Jersey Annual Report. This is derived from arrivals by type of visitor and average spending from the 2012 Travel Survey, updated based on Jersey RPI. Distribution of spending by category is taken from the Travel Survey to understand benefits by sector.

- Table 2 – Domestic Spending

Domestic bednights are taken from registered accommodation data. Spending is calculated according to assumed average spend per night according a combination of spend per night for foreign staying leisure visits and VFR arrivals.

- Table 3 – Outbound Spending

Not quantified here due to a lack of data. This is not required for the impact calculation but can often be a useful part of domestic spending calculation and an important memo item.

- Table 4 – Total Internal Spending

The sum of tables 1 and 2 as total internal spending. This also includes spending on vacation ownership which cannot be attributed to either domestic or foreign visitors. Second home stock is derived from the 2011 census which identifies empty homes and reasons for vacancy. Average rental per trip is derived from average accommodation spending per visit for staying leisure visitors and a conservative estimate of two trips per year. Government individual spending is also included as support for Jersey heritage.

- Table 5 – Production Accounts

GVA by sector is entered and total output is derived according the ratio of GVA to Gross Output from the 1998 Jersey Input-Output tables.

- Table 6 – Domestic Supply & Internal Tourism Consumption

Tourism spending by category is compared to output by sector to calculate the tourism share by sector. The GVA share of Gross Output by sector is applied to understand the direct tourism GVA impact.

- Table 7 –Employment in Tourism Sectors

Tourism share by sector is applied to employment on a headcount basis as well as for full-time and part-time employment.

- Total Economic Impact

Economic impact is not identified as one of the TSA tables but is described as analysis which can complement the tables to provide a full understanding of the benefits of tourism.

1998 Jersey Input-Output Tables provide Type I and Type II multipliers which are applied to the direct GVA and employment in tables 6 and 7. Indirect and Induced impacts are separately calculated and summed to provide a total impact.

TSA Table 1. Inbound Tourism Consumption by Products, GBP, 2015									
Visitor Consumption expenditure - Net Valuation – purchasers' prices									
Products	Staying leisure					VFR	Other*	Total Visitors	Margin (%) *
	Visits	Leisure day visits	Business visits	Business visits	VFR				
Tourism Characteristic Products									
1 - Accommodation services for visitors									
1.1 - Hotel and Other Lodging Services	103,794,647	0	15,433,432	0	0	2,895,090	122,123,168		
1.2 - Vacation ownership	103,794,647		15,433,432		0	2,895,090	122,123,168		
2 - Food and Beverage Serving Services	27,041,750	1,480,489	7,154,757	10,939,435		2,607,698	49,224,129		
3 - Passenger Transport Services	10,832,122	743,221	3,603,314	1,967,120		1,162,817	18,308,594		
3.1 - Land transport	10,282,849	671,964	3,469,893	1,710,975		1,071,204	17,206,885		
3.2 - Water	0	0	0	0		0	0		
3.3 - Air	0	0	0	0		0	0		
3.4 - Supporting Services	549,273	71,257	133,420	256,145		91,614	1,101,709		
4 - Travel Agency, tour operator and Tourist Guide Services									
5 - Cultural Services, Recreation and Other Entertainment	6,810,245	416,184	206,792	1,623,883		606,498	9,663,602		
6 - Miscellaneous Tourism Services	335,693	43,549	81,541	156,545		55,990	673,318		
7 - Retail Trade (tourism characteristic goods)	21,379,544	2,773,556	5,193,165	9,970,017		3,565,907	42,882,189	35%	
7.1 - Margins							15,008,766		
7.2 - Goods							27,873,423		
Total	170,194,000	5,457,000	31,673,000	24,657,000		10,894,000	242,875,000		
number of trips	346,950	108,350	118,070	106,710		37,550	717,630		
number of overnights	1,474,538	108,350	204,672	638,126		158,803	2,584,488		
Avg Spend per Guest Night (GBP)	115	50	155	39		69	94		
Avg Spend per Trip (GBP)	491	50	268	231		290	338		
Average Length of Stay	4.25	1.00	1.73	5.98		4.23	3.6		

* includes language students, visiting yachtsmen and conference delegates consistent with detail available in the 2012 travel survey

TSA Table 2. Domestic Tourism Consumption, GBP, 2015 Visitor Consumption expenditure - Net Valuation – purchasers' prices			
Products	Residents Traveling Only Within Jersey Visitor Consumption in Jersey	Residents Traveling Out of Jersey Visitor Consumption in Jersey	All Residents Traveling Visitor Consumption in Jersey
Tourism Characteristic Products			
1 - Accommodation Services	3,991,989	0	3,991,989
1.1 - Hotel and Other Lodging Services	3,991,989	0	3,991,989
1.2 - Vacation ownership		X	X
2 - Food and Beverage Serving Services	972,207		972,207
3 - Passenger Transport Services	152,057	546,210	698,267
3.1 - Land transport	152,057		152,057
3.2 - Water			0
3.3 - Air			0
3.4 - Supporting Services		546,210	546,210
4 - Travel Agency, tour operator and Tourist Guide Services			0
5 - Cultural Services, Recreation and Other Entertainment	144,317	3,236,606	3,380,923
6 - Miscellaneous Tourism Services	13,912	2,311,861	2,325,774
7 - Retail Trade (tourism characteristic goods)	886,053		886,053
7.1 - Margins	310,119	0	310,119
7.2 - Goods	575,935	0	575,935
Total	6,160,537	6,094,677	12,255,214

TSA Table 4. Internal Tourism Consumption, By Products and Categories of Visitors, GBP, 2015					
Visitor Consumption expenditure - Net Valuation – purchasers' prices					
Products	Visitor Final Consumption Expenditure in Cash			Other Components	Internal Tourism (in cash and in kind)
	Inbound Tourism	Domestic Tourism	Internal Tourism		
Tourism Characteristic Products					
1 - Accommodation Services	122,123,168	3,991,989	126,115,157		127,050,140
1.1 - Hotel and Other Lodging Services	122,123,168	3,991,989	126,115,157		126,115,157
1.2 - Vacation ownership	0		0	934,983	934,983
2 - Food and Beverage Serving Services	49,224,129	972,207	50,196,336		50,196,336
3 - Passenger Transport Services	18,308,594	698,267	19,006,861		19,006,861
3.1 - Land transport	17,206,885	152,057	17,358,942		17,358,942
3.2 - Water	0	0	0		0
3.3 - Air	0	0	0		0
3.4 - Supporting Services	1,101,709	546,210	1,647,919		1,647,919
4 - Travel Agency, tour operator and Tourist Guide Services	0	0	0		0
5 - Cultural Services, Recreation and Other Entertainment	9,663,602	3,380,923	13,044,526		13,044,526
6 - Miscellaneous Tourism Services	673,318	2,325,774	2,999,092		2,999,092
7 - Retail Trade (tourism characteristic goods)	42,882,189	886,053	43,768,242		43,768,242
7.1 - Margins	15,008,766	310,119	15,318,885		15,318,885
7.2 - Goods	27,873,423	575,935	28,449,358		28,449,358
Tourism social transfer in kind				2,803,340	2,803,340
Total	242,875,000	12,255,214	255,130,214	3,738,323	258,868,537

TSA Table 5. Production Accounts of Tourism Industries and Other Industries, GBP, 2015									
At basic prices									
Products	Tourism Industries						Total Tourism Industries	Other Industries	Output of domestic producers (at basic prices)
	Hotels, restaurants & bars	Transport, storage & communications	Land Passenger Transportation	Other Transportation Services	Other services	Wholesale & Retail Trade			
Tourism Characteristic Products									
1 - Accommodation Services	126,115,157							126,115,157	
2 - Food and Beverage Serving Services	103,883,320							103,883,320	
3 - Passenger Transport Services		198,411,681						198,411,681	
4 - Travel Agency, Tour Operator and Tourist Guide Services								0	
5&6 - Culture, Recreation & Other Services					698,204,418			698,204,418	
7 - Retail Trade (Margins)						392,812,187		392,812,187	
Other Products / Services									9,232,374,523
I. Total Output	229,998,477	198,411,681			698,204,418	392,812,187		1,519,426,762	10,751,801,285
II. Total Intermediate Consumption (at purchasers prices)	76,998,477	45,411,681			255,204,418	104,812,187		482,426,762	6,645,801,285
Adjustment (less imputed bank services)									-
III. Total Gross Value Added of Activities	153,000,000	153,000,000			443,000,000	288,000,000		1,037,000,000	4,106,000,000
Gross Value Added share of Gross Output	67%	77%	71%	79%	63%	73%		68%	38%

Table 6. Domestic Supply and Internal Tourism Consumption, GBP, 2015
At basic prices

Products	Tourism Industries														
	Hotels, Restaurants & Bars		Transportation, Storage & Communications		Other Business Services		Wholesale & Retail Trade		Total Tourism Industries		Total Other Industries		Total Domestic Supply		
	Output	Tourism Share	Output	Tourism Share	Output	Tourism Share	Output	Tourism Share	Output	Tourism Share	Output	Tourism Share	Output	Tourism Share	
Tourism Characteristic Products															
1 - Accommodation Services	126,115,157	126,115,157							126,115,157	126,115,157	934,983		126,115,157	127,050,140	
2 - Food and Beverage Serving Services	103,883,320	50,196,336							103,883,320	50,196,336			103,883,320	50,196,336	
3 - Passenger Transport Services			198,411,681	19,006,861					198,411,681	19,006,861			198,411,681	19,006,861	
3.1 - Land Transport				17,358,942						17,358,942				17,358,942	
3.2 - Water				0						0				0	
3.3 - Air				0						0				0	
3.4 - Supporting Services				1,647,919						1,647,919				0	
4 - Travel Agency, Tour Operator and Tourist Guide Services														0	
5a6 - Culture, Recreation & Other Services					689,204,418	16,043,618			689,204,418	16,043,618			689,204,418	16,043,618	
5 - Cultural Services, Recreation and Other Entertainment						13,044,526				13,044,526				2,999,092	
6 - Miscellaneous Tourism Services						2,999,092				2,999,092				2,999,092	
7 - Retail Trade (Margins)							392,812,187	15,316,885	392,812,187	15,316,885			392,812,187	15,316,885	
Other Products / Services											2,803,340			2,803,340	
I. Total Output	229,988,477	176,311,483	198,411,681	19,006,861	689,204,418	16,043,618	392,812,187	15,316,885	1,519,426,762	226,669,857	9,232,374,523	3,738,323	10,751,801,285	230,415,160	
II. Total Intermediate Consumption (at purchasers prices)	76,989,477	59,025,245	45,411,681	6,640,120	255,204,418	5,984,198	104,812,187	4,097,464	482,426,762	75,617,017	6,163,374,523	2,495,640	6,645,801,295	79,112,657	
III. Total Gross Value Added of Activities	153,000,000	117,286,238	153,000,000	12,366,742	443,000,000	10,179,430	288,000,000	11,221,420	1,037,000,000	151,063,840	3,069,000,000	1,242,683	4,106,000,000	152,306,522	
Tourism Share of Industry GVA		77%		8%		2%		4%		15%			Total GDP	4,106,000,000	3.7%
Value Added share of Gross Output		67%		77%		65%		73%		66%		33%			
						63%		73%		67%		33%			66%

Table 7. Employment in Tourism Industries, 2015									
	Total employment				Tourism Ratio	Tourism employment			
	Headcount	Full-time jobs	Part-time jobs*	FTEs		Headcount	Full-time jobs	Part-time jobs*	FTEs
Tourism Industries									
Hotels, Restaurants & Bars	5,735	3,865	1,870	4,611	76.7%	4,396	2,963	1,433	3,535
Transportation, Storage & Communications	2,725	2,110	615	2,425	8.1%	220	171	50	196
Other Business Services	4,745	2,210	2,535	3,258	2.3%	109	51	58	75
Wholesale & Retail Trade	7,810	5,340	2,470	6,443	3.9%	305	208	96	251
Tourism Industries Total	21,015	13,525	7,490	16,738	24%	5,030	3,392	1,638	4,057
Other Industries	37,390	29,135	8,255	32,642	0.0%	15	12	3	13
Total	58,405	42,660	15,745	49,380	8.6%	5,045	3,404	1,641	4,070
Tourism share of Total						8.6%	8.0%	10.4%	8.2%
GDP per Employee	70,302			83,152		30,188			37,419

* part-time employment count includes zero hours contracts and exempt workers

Total Economic impact: GDP and Employment							
Tourism Industries							
	Hotels and Similar	Transportation	Recreational, Cultural, and Sporting Activities	Retail Trade (Margins)	Total Tourism Industries	Other sectors	TOTAL Tourism Economy
GVA impacts							
Type I Multiplier	1.33	1.22	1.26	1.20		1.39	
Type II Multiplier	2.23	2.16	2.31	2.14		2.83	
Direct Impact	117,286,248	12,366,742	10,179,430	11,231,420	151,063,840	1,242,683	152,306,522
Indirect Impact	38,334,793	2,713,588	2,695,607	2,294,764	46,038,752	487,119	46,525,871
Induced Impact	106,045,106	11,606,927	10,668,826	10,521,273	138,842,131	1,784,647	140,626,778
Indirect and Induced Impact	144,379,898	14,320,515	13,364,433	12,816,037	184,880,883	2,271,766	187,152,649
Total GDP Impact	261,666,146	26,687,256	23,543,863	24,047,457	335,944,722	3,514,449	339,459,171
						Share of GVA	8.3%
						Total GVA	4,106,000,000
Employment impacts							
Type I Multiplier	1.19	1.21	1.25	1.18		1.34	
Type II Multiplier	1.45	1.59	1.64	1.52		1.85	
Direct Impact	4,396	220	109	305	5,030	15	5,045
Indirect Impact	823	47	27	55	952	5	957
Induced Impact	1,135	82	42	103	1,363	8	1,371
Indirect and Induced Impact	1,958	129	69	158	2,315	13	2,327
Total GDP Impact	6,354	349	179	462	7,345	28	7,373
						Share of employment	12.6%
						Total employment	58,405