



Department for Culture, Media and Sport



Tourism Marketing Return on Investment:  
The Impact of Displacement

Final Report: October 2012

Report Prepared for DCMS by:

Optimal Economics

TNS Research International



Report commissioned by DCMS and prepared by Optimal Economics and TNS Research International. The findings in this report are those of the authors alone and do not necessarily represent the views of DCMS.

October 2012

## Contents

<b>Executive Summary</b>	<b>3</b>
<b>1 Introduction and Study Brief</b>	<b>5</b>
1.1 Introduction	5
1.2 The Brief and interpretation	5
1.3 Report Structure	6
<b>2 The concept of Displacement</b>	<b>7</b>
2.1 Displacement – Definition	7
2.2 Why does displacement matter?	7
2.3 Why does displacement occur?	8
2.4 Conclusions	10
<b>3 Treatment of Displacement in the Research Literature</b>	<b>12</b>
3.1 Introduction	12
3.2 Market Displacement	12
3.3 Economy Wide Displacement	15
3.4 Conclusions and proposed approach	18
<b>4 Survey questions and testing</b>	<b>19</b>
4.1 Introduction and rationale	19
4.2 The Survey Process	21
4.3 Survey Questions	21
4.4 The Results	23
4.5 Conclusions	30
<b>5 Conclusions and recommendations</b>	<b>31</b>
5.1 Defining displacement at different levels	31
5.2 Focus on market displacement	31
5.3 Recommended Approach	31
5.4 Developing the approach	32

## Appendix – Tables

## EXECUTIVE SUMMARY

1. Economic Displacement arises when policy intervention which causes the expansion of one economic activity or activity in one location also has the effect of bringing about some degree of reduction in economic activity elsewhere. If we wish to measure the net gain from the policy or intervention we must take account of displacement effects.
2. The present study is specifically concerned with the measurements of displacement when assessing the impact of marketing on tourism spending. Displacement is identified in the brief as occurring when the effect of tourism marketing is to make tourists chose one part of England rather than another without increasing the total amount the tourists spend on holidays in the nation as a whole. In such a case the spending which the tourists make in the economy has been diverted from one area to another – it has been displaced.
3. Even where an intervention increases net tourism spend there may be wider displacement effects in the economy as spending and resources are shifted towards tourism from other sectors. The study has considered the measurement of displacement both at the level of tourism spending only and in the wider economy.
4. The measurement of economy wide displacement in relation to tourism intervention poses many technical and theoretical challenges and while the development of economic modelling techniques may provide readily applicable approaches to measuring these effects at some time in the future, such techniques are not presently available.
5. In contrast, practical and robust approaches to assessment of displacement at the tourism market level are both needed and capable of being devised.
6. Similar approaches which are used in the assessment of market displacement in most of the existing impact studies. The most commonly used approaches use data from surveys of tourists/visitors to explore the influences on and the nature of decisions about where and when to take a holiday. Some studies have used econometric/statistical approaches which seek to establish a relationship between levels of marketing effort and tourist trips/spend.
7. Econometric/statistical approaches do require large amounts of data collected over lengthy periods and have had limited success in identifying the impact of tourism marketing net of displacement.
8. Most researchers undertaking destination marketing evaluation consider that the most practical, immediately applicable and robust approach to the assessment of market displacement is through survey work. The present study approach reflects this view and uses survey data to focus on the stages of the holiday decision making process, beginning with exposure to marketing material. It seeks to establish first how the holiday decision is influenced by marketing – including effects on choices about duration, timing, qualitative aspects of the holiday and destination as well as the holiday/no holiday decision.
9. Effects on market displacement, specifically through effects on the location of the holiday have been addressed though questions about the influence of marketing on specific decisions and by asking respondents what they would have done in relation to holidays had they not taken a trip made in response to marketing material.
10. A set of survey questions were tested by including them in the Brand and Communications Tracker Survey conducted for VisitEngland by TNS since September 2009. This is a continuous survey of the English resident population, undertaken online every week of the year. Some 100-150 interviews are undertaken each week – with peaks reflecting periods of campaign activity. The survey measures awareness and impact of VisitEngland’s advertising and communications amongst the English holiday taking population. In addition to ‘standard’ communications measures such as recognition and likeability, the survey also focuses on any actions taken as a result of the exposure.
11. Questions were incorporated in the Brand Tracker Survey for three full weeks of fieldwork – weeks beginning the 12th, 19th and 26th of March 2012. Sample sizes were maximised for

these three weeks to ensure the largest possible analysis base – around 150 interviews per week, 450 interviews in total.

12. The survey work sought to identify marketing impacts on holiday decisions which would imply little or no displacement at the England level – that is influencing a person to holiday in England rather than outside England or rather than taking no holiday at all. The implications of these responses for estimates of displacement were cross checked by asking people whether, had they not taken their most recent holiday, they would have holidayed elsewhere in England (which implies displacement) or outside England or not at all (which implies no displacement).
13. It is not possible to assess displacement with exact precision as responses to questions have to be interpreted but we consider that, taken together, the analysis of the test survey responses suggests that the range of market displacement is broadly between 50% and 75%. That is, it is estimated between 25% and 50% of the extra spending generated by VisitEngland marketing is a net gain to the English tourism economy.
14. The approach set out this study is intended to be immediately applicable. Indeed, the Return on Investment calculations currently being developed for VisitEngland embody the principles of the approach set out in this report. We also recommend that questionnaire based evaluations of specific destination marketing campaigns should include in the survey questions designed to identify displacement effects.

## Introduction and Study Brief

### 1.1 Introduction

- 1.1.1 In February 2012 TNS and Optimal Economics were commissioned by the Department for Culture, Media and Sport (DCMS) to undertake a study of the impact of displacement on the return to marketing investment by VisitBritain (VB) and VisitEngland (VE). The study was carried out in consultation with and with support from both DCMS and VisitEngland.
- 1.1.2 This document is the report on the research.

### 1.2 The Brief and interpretation

- 1.2.1 VB and VE undertake research to measure the additional tourism expenditure which results from marketing expenditure by the organisations. The estimated impact on tourism spending so calculated is also used to estimate impacts on economic activity. Since the object of public support to tourism marketing is to increase activity in the tourism sector, and therefore to increase economic activity in the economy, it is important that rigorous and accurate measures of the net impact of marketing activity are produced.
- 1.2.2 The study brief refers to the importance of making accurate measurements of **displacement** when assessing the impact of marketing on tourism spending. Displacement is identified in the brief as occurring when the effect of tourism marketing (for example, marketing of a particular area) is to make tourists choose one part of England/Britain rather than another without increasing the amount the tourists spend on holidays in the nation as a whole in a given time period (for example, one year). In such a case the spending which the tourists make in the economy has been diverted from one area to another – displaced. This can be contrasted with a situation in which marketing has encouraged people to take holidays they would not otherwise have taken that year or led to people choosing to holiday in Britain/England rather than going abroad. In these cases there is no displacement in the domestic tourism sector.
- 1.2.3 The effect of tourism marketing on tourism spending is most commonly assessed by using data collected from surveys of visitors although, as discussed below, use of other techniques is possible. The survey methodology is employed by VB/VE. Broadly speaking, the “typical” survey asks “what was the effect of a given marketing campaign on your decision to take this holiday/your most recent holiday/a holiday in area X?”. If the respondent indicates that the marketing campaign was a major or decisive influence on the decision to take the holiday then most or all of the spending associated with that holiday is treated as a gain (or “additional”). If matters are left there (as is almost always the case) then the possibility exists that the spending is not a net gain to the national tourism sector because in the absence of the campaign the persons concerned would simply have holidayed elsewhere in the England/Britain.
- 1.2.4 There are several reasons why it is desirable to improve understanding and assessment of displacement effects in tourism marketing. The first is that outlined above, if we are to measure accurately the impacts of tourism marketing and thus the return to investment in tourism it is necessary to allow for displacement. This is important in assessing the relative efficiency of tourism marketing expenditure against other uses of public finance. While in this context displacement is a negative factor by reducing the value for money of a given

investment, there are also circumstances in which displacement is in some degree desirable. For example displacement may be regarded as a benefit if tourism spending is moved from more to less prosperous areas. In this case displacement is not a “zero sum game”. These aspects of displacement are considered further in Section 2 of the report.

- 1.2.5 In addition to effects within the tourism sector, the brief also identifies that displacement effects can potentially arise in the wider economy. That is, expansion in the tourism sector can lead to reductions in activity in other parts of the economy. These impacts are also considered in Section 2.
- 1.2.6 The study brief notes that the existing VB/VE “conversion” methodology currently does not explicitly allow for displacement effects. In recognition of this and in the light of the evident lack of analysis of these effects in the destination marketing literature, DCMS commissioned the present study.
- 1.2.7 The aims of the study were to take a first step towards building up a theoretical and empirical evidence base around displacement. Specific requirements of the brief were:
- Objective 1 – **Develop an analytical framework** to understand the issue of displacement both in terms of tourism spend and wider effects considering existing literature in other relevant fields, drawing out the key issues for the tourism sector and providing a detailed and specific methodology for quantitative assessment of these effects.
  - Objective 2 – **Improve existing methodology** by building on the existing evaluation measures and survey methodology deployed by VB and VE in order to give empirical meaning to the analytical framework in Objective 1.
  - Objective 3 – **Check robustness of approach** by field testing of the proposed methodology developed under objective 2 and to recommend steps for implementation
- 1.2.8 The work of the study has been carried out under these three headings. Objectives 1 and 2 were addressed through desk research. Objective 3 has involved field testing of a proposed framework.

### 1.3 Report Structure

- 1.3.1 The report is set out as follows:
- Section 2 provides an extended discussion of displacement at the whole economy and tourist market levels. It considers the causes and nature of displacement and its importance to the assessment of tourism marketing impacts.
  - Section 3 reviews the approaches to measurement and treatment of displacement effects in the academic and research literature and considers the relevance of these approaches to the aims of the present study.
  - Section 4 details the proposed approach to treatment of displacement, sets out suggested questions for the survey based approach as used by VB/VE and reports the results of a field trial of the proposed questions.
  - Section 4 summarises the study conclusions and recommendations.

## The concept of Displacement

### 1.4 Displacement – Definition

- 1.4.1 *Displacement* and *Additionality* are often discussed together in evaluation and impact studies. They are sometimes confused in those discussions – partly because in most circumstances they are very closely related.
- 1.4.2 Additionality exists where an intervention or policy causes economic agents (producers/consumers) to take actions which they would not have taken in the absence of the intervention, and which have economic consequences. For example, if an advertising campaign causes a person to take a holiday in England which the person would not have been taken in the absence of the campaign then the expenditure associated with that holiday (and the consequent economic activity) is **additional**.
- 1.4.3 **Displacement** concerns the degree to which the effects which produce additional economic activity lead to consequent reductions in activity elsewhere in the economy that would not have occurred if the intervention had not been made.
- 1.4.4 Taking spending as an example, the additional spending produced by an intervention is that specific spending which would not have been made without the intervention while the displaced spending is that which has been given up or foregone elsewhere to make the additional spending possible.
- 1.4.5 More broadly, the HM Treasury “Green Book”<sup>1</sup> states that displacement arises when the benefits of an intervention in terms of increased output or employment are offset by a reduction in output or employment elsewhere. If we wish to measure the net gain from a policy or intervention, including the net gain to particular localities or areas, displacement effects must be properly analysed.

### 1.5 Why does displacement matter?

- 1.5.1 Following the HM Treasury Green Book definition, displacement represents a loss of economic output or employment which should be set against the gain in output or employment generated by an intervention. On the assumption that the aim of policy is to increase employment (or output) at the national level, displacement has to be subtracted from the gross impact to arrive at the net gain and thus the net benefit of the intervention.
- 1.5.2 For example, in calculations of the net return to the nation of investment in tourism marketing it may be argued that the measure of benefit is the resulting increase in national output and thus that displacement effects must be allowed for in the calculation. However, it is important to recognise that not all government policies have as their sole or prime objective the expansion of short to medium term economic output. For example, some policies (e.g. Regional Development) aim to shift economic activity from more prosperous to less prosperous areas while other policies may regard redistribution of economic benefit (including through displacement) from higher to lower income households as a gain. The rationale for such policies may be based on grounds of equity or may reflect views as to the longer terms benefit to the economy of a more geographically balanced pattern of economic activity.

---

<sup>1</sup> HM Treasury (2011) *The Green Book: Appraisal and Evaluation in Central Government*

- 1.5.3 Thus there are cases in which displacement may be regarded as a positive factor. What is, of course, important in such cases is that the pattern of displacement is as well understood as possible – particularly what activity/output is being displaced to where and from where. In the specific context of tourism this question is likely to focus on the type of “area” displacement described in the brief.

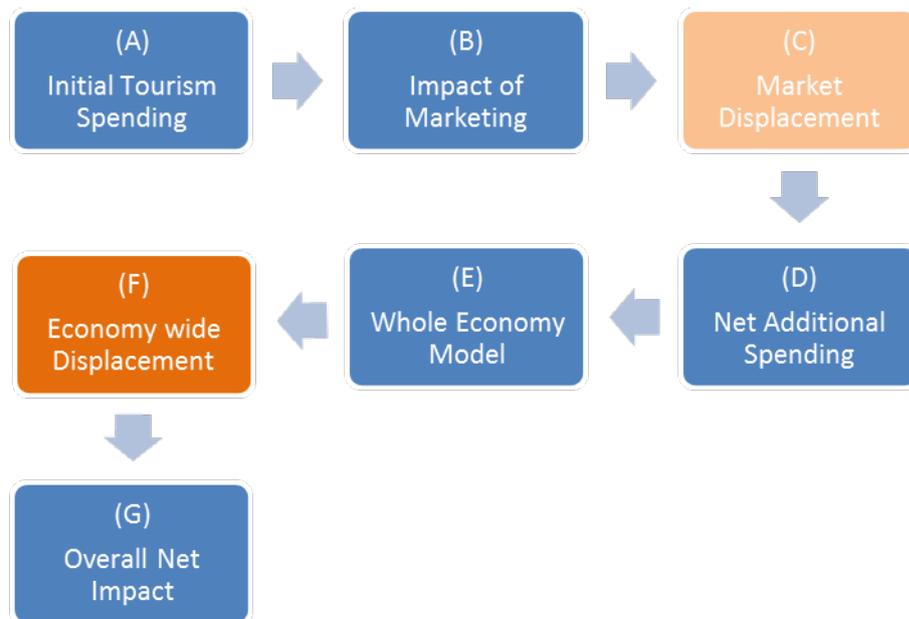
## 1.6 Why does displacement occur?

- 1.6.1 The aim of tourism marketing is to increase demand for tourism trips/holidays. An intervention or policy which increases the demand for some product or service will always cause some degree of displacement because the resources (workers, technology, equipment and so on) available to the economy, and thus its ability to produce, are necessarily *finite*. If the demand for a particular product (say holidays in Cornwall) is increased, then extra resources (labour, materials and services) will be needed to increase the supply of that product and these resources will, in many cases, have to be drawn away from their existing uses: this will be done through competition in markets for labour, goods and services.
- 1.6.2 An increase in demand from one sector (e.g. tourism) will push up the price of inputs with various effects. Resources will move towards the expanding sector while increased costs will cause a reduction in production in other sectors. *Displacement* occurs because, in this example, the extra resources required by the tourism sector are drawn away from other productive activities.
- 1.6.3 Moreover, to the extent that the increase in demand from tourism pushes up the price of inputs used by tourism businesses, the actual increase in net output by tourism businesses will be less than the initial boost to demand.
- 1.6.4 This movement of resources is also reflected in a shift of spending – the increased demand for holidays in Cornwall, for instance, will have involved reduced planned spending on other goods (possibly including trips to alternative holiday destinations), or a reduction in savings.
- 1.6.5 Displacement can thus be seen to involve a shift of both demand (spending) and supply (resources) toward one part of the economy and away from others. Indeed, a shift of resources is necessary to enable the increased demand to be met. In an economy with a fixed level of resources and a given maximum productive capacity and in which all available resources (especially workers) are fully employed and employed as productively as possible, the displacement effect of any intervention will be at least 100%: that is, the increase in output of, and employment, in the activity for which demand is increased will be matched by an equivalent fall in employment and a greater or equal fall in output elsewhere.
- 1.6.6 Displacement may be less than 100%, possibly much less, if there are unemployed resources available to increase output. To continue with our example, if holiday providers in Cornwall have unused facilities and can recruit otherwise unemployed workers an increase in demand can be met largely through the use of “spare capacity” so greatly reducing the need to draw resources away from other uses.
- 1.6.7 It is difficult to say *a priori* exactly how much displacement will occur in any specific case and the analysis of these effects is, as discussed below, complex.
- 1.6.8 As noted above, the extent of displacement on the supply side can be mitigated by the availability of unused resources. However, this leaves open the issue of the demand side. People who have been led by marketing to take a holiday in Cornwall have presumably, paid for that holiday with funds which would otherwise have been spent on something else. That “something else” could be almost anything including other holidays, consumer goods and leisure activities. They may also have used savings which would otherwise not have been spent. It follows that the extent to which the extra spending in Cornwall has been shifted from

other parts of the UK economy depends on exactly how the money would otherwise have been used. If it would have been spent on foreign holidays, imported goods or even saved then the displacement of spending within the economy will be less than if the alternative spending would have been (say) on a holiday in Norfolk.

- 1.6.9 In reality it is very difficult to be establish how exactly people will shift spending within their budgets in response to marketing; while we might confidently identify the area of spending that has been increased, it is impossible to be certain what has been reduced and economic modelling of these effects tends to rely on hard to verify assumptions.
- 1.6.10 As stated above, the concept of displacement described here is appropriate to an economy with essentially fixed resources. This is a reasonable enough simplification in the short run but over time the productive capacity of the economy changes (usually grows) as a result of investment and increases in productivity. From this perspective, the phenomenon of displacement is more complex. Shifts in demand (e.g. towards tourism) may encourage investment and business development which will change the pattern of, and possibly increase, the level of the economy's productive capacity.
- 1.6.11 In the face of these complexities, and bearing in mind the focus on the brief on impacts *within* the tourism sector, we consider that it is useful to examine the research evidence and analytical approaches to the displacement at two levels which we define as the "tourism market" level and the "economy wide" level.
- 1.6.12 These two levels of analysis can be related to the way in which tourism marketing impacts on decisions made by tourists and thus on domestic demand for tourism and the effects of those impacts on the wider economy.
- 1.6.13 Figure 1 sets out the elements of this approach. The opening position (A) is the level of tourism spend within an area (which may be the nation a region or locality depending on the marketing programme being considered). Marketing activity produces an increase (B) in the level of spending on the specific holidays/destinations being marketed.
- 1.6.14 Displacement can occur at this market level (C) to the extent that the increased spending on the holidays or destinations being marketed is made possible by using funds which would otherwise have been spent on a holiday elsewhere in England/Britain. In a simple case in which marketing has led to a household choosing to holiday in Cornwall rather than Norfolk then we can say that Cornwall's gain is 100% displaced from Norfolk with no net gain at the national level. Whether this impact will be regarded as good, bad or neutral depends on the perspective from which it is viewed and the locations involved. For example, it could be viewed as economically and socially desirable if it includes an element of rebalancing by displacing expenditure from a more prosperous area to a less prosperous area.
- 1.6.15 Once we have allowed for displacement within the tourism sector we can calculate the net increase in tourism spend (D) at the relevant area level. That net increase in demand will impact on demand and supply in the economy (E). Displacement will occur here (F) as resources are shifted from one sector to another in response to changes in demand. As discussed above, the degree of displacement will be affected by such factors as the extent to which there are unused and spare resources in the economy and the change in the overall pattern of spending and saving. The net impact (G) will be the overall change in economic activity measured in terms of output, income and employment.

**Figure 1 Tourism Marketing and Displacement**



1.6.16 To analyse these impacts it is necessary to work with some form of model of the economy. We discuss below the types of modelling approaches which have been used and assess their relevance to the issues raised in the present study brief.

## 1.7 Conclusions

- 1.7.1 Displacement arises when a policy intervention increases economic activity in some economic actors or economic geographical units but leads, indirectly, to decreases in economic activity elsewhere. For the reasons outlined above it is important to be able to make adjustments and allowances for displacement in assessing the impact of interventions.
- 1.7.2 We concluded that in relation to tourism marketing interventions it is useful to separate displacement effects into “market displacement which is the potential effect of marketing in shifting demand and activity from one part of the tourism economy to another and “economy wide” displacement which embraces a much more complex process by which shifts in demand lead to the movement of productive resources between enterprises, economic sectors and areas. In the next section we consider how these two facets of displacement are treated in the research literature and in evaluation studies.



## Treatment of Displacement in the Research Literature

### 1.8 Introduction

- 1.8.1 The treatment of the two forms of displacement defined above is detailed below. As will be seen, the literature on economy wide displacement is more general in application and more “academic” than the literature on market displacement. However, discussion of displacement in the sense of market displacement is much more prevalent in the tourism impact literature than is discussion of economy wide effects. At the end of the section we consider the implications for development of a practical procedure for assessing displacement as required by the brief.

### 1.9 Market Displacement

- 1.9.1 At the heart of the question of market displacement is the issue of how the marketing activity affects the decisions made by holidaymakers. Where the brief refers to “*the possibility that tourists exposed to the marketing who originally intended to travel elsewhere in the UK may now switch their choice of holiday destination to the marketed area instead*” it is referring not to displacement in the economy wide sense but to effects which occur in the “market displacement” box in Figure 1. In effect, we are concerned with how far marketing increases the demand for domestic tourism and how far it merely shifts it from one tourism “product” to another.
- 1.9.2 The approaches which are used in the assessment of market displacement in most of the existing impact studies follow broadly similar lines. It would be wrong to say that there is any truly academic literature on this topic – rather a series of standard practices have grown up. The ONS Guide “Measuring Tourism Locally. Guidance Note 2: Local Economic Impact Modelling<sup>2</sup>”, mentions displacement once and provides no advice on assessment of displacement. There tends to be a focus on two possible approaches for assessing market level displacement: econometric analysis and survey methodologies. The appropriateness of these two possible techniques for the issue of tourism marketing displacement is discussed below.
- 1.9.3 There is a body of literature which considers how purchase decisions are influenced by marketing. This includes econometric studies employing analysis of past data to derive parameters to apply to current market spend and hypothetical changes. However, there is no work of this type on marketing to “domestic” UK tourists. Destination marketing is highly complex and the choices made by tourists are influenced by many factors. In a Literature Review of destination marketing research in an Appendix to the Ecotec Report on Destination Marketing for Visit London<sup>3</sup> the difficulties of undertaking statistical/econometric work on destination marketing are discussed at length.

---

<sup>2</sup> ONS (2011) *Measuring Tourism Locally. Guidance Note 2: Local Economic Impact Modelling*

<sup>3</sup> Ecotec (2010) *Destination Marketing and Promotion Economic Impact Methodology Study*

- 1.9.4 The literature review notes that econometric studies, which seek to establish a statistical relationship between advertising spend and consumer spend on the product advertised often suggest a very weak relationship between advertising and consumer spend. In these studies the relationship between consumer spend and an array of variables, including advertising, is tested, generally over a short period of time. The weakness of the advertising/spend relationship in some of these studies might be regarded as evidence that marketing is ineffective but the more common response has been to call the studies into question.
- 1.9.5 One major issue for econometric studies is the need for substantial amounts of time series data. That is to say to assess the impact of variations in marketing spend, one requires regular data on customer spend, marketing spend (showing varying levels of spend) and an array of other relevant variables over a substantial period. For example, if monthly data on spend by target customers is available, in order to generate sufficient observations for an econometric approach to be viable one would want several years of data covering many variables: for the analysis to be effective it would also be necessary for the advertising spend to have varied significantly over that period. These considerations present problems in applying econometric techniques to a case such as that of VisitEngland marketing where assumed dependant variable (tourism spending) is being influenced by multiple marketing initiatives by VisitEngland as well as a range of other influences.
- 1.9.6 The context of the present study, relating to evaluation of existing marketing expenditure, presents some additional limitations on analysis. The framework established in Figure 1 implies that we have an opening position and can then identify and analyse a change which affects the opening position. However, the position for the present work is that a certain level of tourism activity and a certain level of tourism spending are observed: the hypothetical position of no or less marketing is then defined and an attempt made to estimate how the decisions of tourists would have been different in the absence of marketing.
- 1.9.7 A very significant research effort would certainly be needed to develop and make operational an econometric model of the relationship between domestic tourism marketing spend and visits/visitor spend with no certainty of success. Development of an econometric model would call for collection of a large amount of data over a fairly long period of time. The data required would include but not be confined to the following (for a period of 5 or more years):
- A measure of outcome, such as number of visits and number of days
  - Amount spent on tourism in England, per visit, per day
  - Advertising spend by Visit England by week
  - Advertising spend by other promoters of holidays in England
  - Advertising spend by promoters to competing destinations
  - Weather (temperature, rainfall, etc)
  - Economic conditions (unemployment rates, GDP, Consumer Confidence)
- 1.9.8 Ideally one would wish to develop a model which examined impacts on different tourist sub-markets and areas since it is likely that the cause and effect relationships, and the role of other factors, will vary between visitors from different places, different types of household, different activity types and so on. This increases the demands of the modelling approach. There is a case for more statistical/econometric research on the relationship between domestic marketing and tourism spend but it does not provide an immediately applicable approach.

- 1.9.9 The Oxford Economics Study for VisitBritain of the expected impact of the 2012 Olympics/Paralympics<sup>4</sup> is a rare example of an attempt to use statistical analysis to identify displacement. An analysis was made of in-bound and out-bound tourism data in various countries which had staged international sporting events and comparators, the aim to identify displacement through shifts in market growth trends. The results of this analysis were not very conclusive but they were used to inform parameters which were employed in the study.
- 1.9.10 It is far more common to find approaches that use survey data or even judgement to broach the issue of market displacement. English Partnerships “Additionality Guide”<sup>5</sup> notes the possibility of both supply side and demand side displacement and suggests that a judgment is made based on market analysis or, in some cases, survey work. Similarly, the Scottish Enterprise “Additionality and Impact Assessment Guidance”<sup>6</sup> suggests that a judgment is made as to whether displacement will be “none”, “low”, “medium”, “high” or “total” and that corresponding to these judgements displacement is calculated as 0%, 25%, 50%, 75% or 100%.
- 1.9.11 A recent study for Scottish Natural Heritage of the economic impact of “nature” tourism<sup>7</sup> comments on the displacement assumptions made in a range of studies. The methodologies are not always set out in detail but it is clear that displacement factors are based on survey work or derived from other studies. The study did not focus on marketing but on nature based holidaymaking in general (the hypothetical alternative being presumably that the opportunity to take the holiday in question had not existed). The study concluded that 50% of spending by Scottish visitors in Scotland should be regarded as displaced (i.e. it would have been spent in the Scotland in any case) and not 100% as had been argued by others (and is implied, for example, by the UK Sport methodology).
- 1.9.12 The August 2010 study by Tourism and Transport Consult International of the North West 200 Motor Cycle Race in Northern Ireland<sup>8</sup> estimated displacement on the basis of survey questions seeking to identify where people would have been had they not been attending the event.
- 1.9.13 The “Destination Marketing and Promotion Economic Impact Methodology Study” produced by ECOTEC<sup>9</sup> for Visit London notes weaknesses in pre-existing studies of destination marketing including the lack of treatment of market displacement and especially the effects of marketing in shifting visits from one area to another. The report suggests that consideration should be given to what visitors might have done if they had not visited the destination in question. The study is concerned with destination marketing at a regional level and so is concerned with displacement at that level. Thus if the effect of destination marketing is to encourage visitors to visit one destination in a given region over another in the same region then this must be allowed for.

<sup>4</sup> Oxford Economics (2007) *The Value of the London 2012 Olympic and Paralympic Games to UK Tourism*

<sup>5</sup> English Partnerships (2004) *Additionality Guide, A Standard Approach to Assessing the Additional Impacts of Projects, Method Statement*

<sup>6</sup> Scottish Enterprise (2008) *Additionality and Impact Assessment Guidance Note*

<sup>7</sup> SNH (2010) *Assessing the economic impacts of nature base tourism in Scotland*

<sup>8</sup> TTC (2010) *Economic Impact of North West International 200*

<sup>9</sup> Ecotec (2010) *op. cit.*

- 1.9.14 The study concludes that a survey based approach is the most practical and suggests that displacement can be measured on the basis of survey evidence from the Enhanced Conversion Study and UK Panel Survey. The methodology is focussed on regional level displacement and envisages a survey of visitors to an area. It is suggested that respondents are asked first whether, in the event of not making the trip in question, they would otherwise have visited another destination in the UK. In cases where the “alternative” destination would have been within the region visited, respondents are asked how sure they are that the alternative would have been chosen. Depending on the answer, the following values for displacement are to be applied:
- Definitely - 100%
  - Probably - 50%
  - Possibly - 20%
  - No/Don't Know - 0%
- 1.9.15 It is acknowledged in the report that these percentages are arbitrary to some degree. The approach was framed in terms of regional displacement but could easily be adapted to the national level.
- 1.9.16 In general we are supportive of the logic of the Ecotec approach but consider that the questions used in a survey should delve more into the role of marketing and its effects on the holiday decision. Surveys are therefore considered to be a much better candidate for analysis of displacement effects. Our proposed approach is detailed below under section 3.4.

## 1.10 Economy Wide Displacement

- 1.10.1 The treatment of economy wide displacement calls for some form of economy wide model since it involves an analysis of interactions between markets and economic sectors across the economy.
- 1.10.2 A large number of studies have been undertaken in Britain and other countries which have sought to estimate the economic impact of different facets of tourism – for example major events. These studies have tended to follow one of two potential routes: input output analysis or computable general equilibrium modelling. An excellent review of the literature that employs these frameworks to deal with issues in tourism economics is provided by Stabler *et al.*<sup>10</sup> The potential of these economic techniques to be applied to the issue of displacement arising under tourism marketing activities is assessed below.

---

<sup>10</sup> Stabler, Papatheodorou and Sinclair (2010) *The Economics of Tourism 2<sup>nd</sup> ed.*

- 1.10.3 Most of these impact studies have been based explicitly or implicitly on an “**input output**” model of the economy. Thus tourism multipliers which are very commonly used to estimate the impact of an increase in tourism spending are derived from work on input output relationships. Input output analysis in its modern computable form was originally developed by Wassily Leontief.<sup>11</sup> The essential concept of Input Output analysis is a type of accounting in the form of a matrix which shows the inputs (goods and services) required to produce the output of every industry. Once this matrix has been constructed it is possible to show how an increase in production by one sector will increase the requirements for the products of a wide range of other industries across the economy. The relationships in input output tables involve **fixed** co-efficients so that, for example, an increase in the production of cars by X units is assumed always to require Y units of steel, Z units of glass and so on. This makes the computation of the impacts of changes in demand and multipliers straightforward but is also regarded as a weakness of the approach since it fails to account for technical progress and input substitution. .
- 1.10.4 An obvious problem in formal application of this approach to tourism is the need for statistical data, and tourism is not an industry that is recognised within the ONS Standard Industrial Classification. Rather, spending by tourists represents demand for a range of sectors including hotels, catering, retailers and so on. To address this problem the concept of Tourism Satellite Accounts (TSA) was developed, first by the OECD and WTO in the 1980s and laterally by the European Commission and other bodies to identify and classify spending on tourism and the output of the tourism sector. In 1998 the DCMS commissioned work on the feasibility of Satellite accounts for the UK. An experimental TSA for the UK was published in October 2010<sup>12</sup> and a full report was published in May 2011<sup>13</sup>. TSA can be combined with Input Output analysis to assess the impacts of tourism on the economy as a whole.
- 1.10.5 However, as discussed above, the commonly used input output framework effectively assumes that an increase in demand for the inputs (including labour) needed by an expanding sector will always be met by an increase in supply. No account is taken of the competition for resources nor, in particular, does the model allow for the effect of increased demand on the prices of goods and services and the consequences of increased prices on business decisions. In effect, the model assumes that all inputs (including labour) are in infinitely elastic supply.
- 1.10.6 **Multipliers derived from an input output view of the economy will thus always fail to take account of displacement** and to that extent will usually overestimate economy wide impacts. In brief, we can be sure that simple multipliers which take no account of the effects of increased demand on the price and availability of inputs will over-estimate the impact of demand side interventions in any sector (including tourism) though the degree of over-estimation is open to debate.

<sup>11</sup> Leontief, Wassily W (1986) *Input-Output Economics 2<sup>nd</sup> ed.*

<sup>12</sup> Bucellatto, Weber and White (2010) *The Experimental Tourism Satellite Account for the UK*

<sup>13</sup> Smith, Webber and White (2011) *The UK Tourism Satellite Account for 2008*

- 1.10.7 In the light of the limitations of the classic input output approach described above, interest has grown in the use of **Computable General Equilibrium** models (CGE)<sup>14</sup>. These models are descended from input output models but do not assume that inputs are available in unlimited quantities and specifically allow for the effects of increased demand on prices. For example, if an increase in demand for a product increases demand for, say, a scarce mineral then the result will be a price increase for the input which feeds back into the cost of the product and its demand until markets clear (supply and demand are brought into balance). Similarly, an increase in demand for other factors of production in tourism related sectors will raise their price and reduce their supply to other sectors leading ultimately to changes in output in those sectors.
- 1.10.8 By making assumptions about the impact of increased demand on input prices and the effect of increased prices on production, CGE models seek to estimate displacement effects.
- 1.10.9 CGE models are often combined with TSA and have been used to measure the impact on tourism and the economy in general of “shocks” such as increases in demand, sporting events and Foot and Mouth Disease.
- 1.10.10 CGE modelling, because it explicitly attempts to model displacement, will produce lower estimates of impact from any given event or shock than will conventional input output based modelling. For example, Dwyer, Forsyth and Spurr analysed the impact of the Formula 1 race in Melbourne using both input output and CGE models. The former approach produced an estimated benefit of 38.9 million Australian dollars of GDP while the CGE model indicated 19.4 million<sup>15</sup>. That said, there is no “proof” that the CGE result is more valid.
- 1.10.11 CGE models are not without their critics – the main point being that they are not “true” representations of general equilibrium in a economy but simply refinements of the input output approach with assumptions about factors such as the impact of demand on prices and other parameters which appear often to be arbitrary and which may or may not be valid. Indeed, equations in CGE models are not often open to outside scrutiny at all giving rise to a “black box” phenomenon<sup>16</sup>.
- 1.10.12 CGE modelling is also relatively “data hungry” with all of the requirements of input output models and additional information on items including factor prices and supply elasticities. In contrast, impact analysis at the local or regional level often makes use of simple multiplier calculations because suitable input output tables or economic models do not exist for the area.
- 1.10.13 CGE models may or may not represent the future of impact analysis, effectively replacing simpler input output models, but they do not at present provide a readily applicable technique for relatively small policy interventions, especially those aimed at local impacts. They are moreover, time-consuming and expensive to build and use.
- 1.10.14 The whole issue of the practical measurement of economy wide displacement in the context of impact analysis and evaluation remains “work in progress”. This work has not provided procedures or algorithms which could be applied in small scale evaluations and the construction of an economy wide model is not a practical option for small scale evaluations. For these reasons, CGE models do not offer much potential in the foreseeable future for progressing intelligence about economy wide displacement effects stemming from tourism marketing interventions.

<sup>14</sup> See for example Dwyer L., Forsyth P and Dwyer W (2010) *Tourism Economics and Policy*

<sup>15</sup> Dwyer, L., Forsyth, P. and Spurr, R. (2006) *Economic Impact of Sports Events: A Reassessment*

<sup>16</sup> Frechtling, D. and Smeral, E. (2010) *Measuring and Interpreting the Economic Impact of Tourism: 20/20 Hindsight and Foresight* in Pearce D. and Butler R. (2010) *Tourism Research a 20-20 Vision*

## 1.11 Conclusions and proposed approach

- 1.11.1 The analysis set out above has identified two dimensions to displacement. These relate to separate stages of the process by which increased tourist activity (stimulated for example by marketing) impacts on the economy. The first is market displacement in which the increase in tourist activity at one location is in part or in whole at the expense of other destinations. The second dimension involves the whole economy – the net increase in the spending on tourism diverts spending away from other markets and causes increased competition for inputs from the tourist related businesses which benefit from that increased demand.
- 1.11.2 To assess fully both dimensions of displacement and thus net economic impact of an intervention requires a framework of analysis in which there would be four elements:
- a modelling of the impact of marketing on the households' decision to take a particular holiday
  - an assessment of the net increase in domestic tourist spending in the nation/region allowing for *market displacement*
  - an accounting framework such as TSA which would show the first round of spending in detail
  - a economic model (possibly CGE) which would allow for economy wide displacement
- 1.11.3 Economic Research may in future provide practical and economical methods for measuring economy wide displacement. For the time being, however, the most important and pressing issues relating to displacement for tourism policy evaluation lie at the level of market displacement. Practical and robust approaches to assessment of market displacement are both needed and capable of being devised.
- 1.11.4 While developments in marketing research and in econometric studies may provide further insights into the impact of marketing on household decisions about holiday and destination choices which could inform assessment of market displacement, it is our view, in common with other researchers undertaking destination marketing evaluation, that the most practical, immediately applicable and robust approach to the assessment of market displacement is through survey work.
- 1.11.5 Our proposed approach focuses on the stages of the decision making process beginning with exposure to marketing material. It seeks to establish first how the holiday decision was influenced by marketing – including effects on duration, timing, qualitative aspects of the holiday and destination as well as the holiday/no holiday decision.
- 1.11.6 Effects on market displacement, specifically through effects on the location of the holiday are addressed in this way and by direct questioning. The rationale for our proposed approach, the questions which we have tested and the results of the field tests are detailed in the next section.

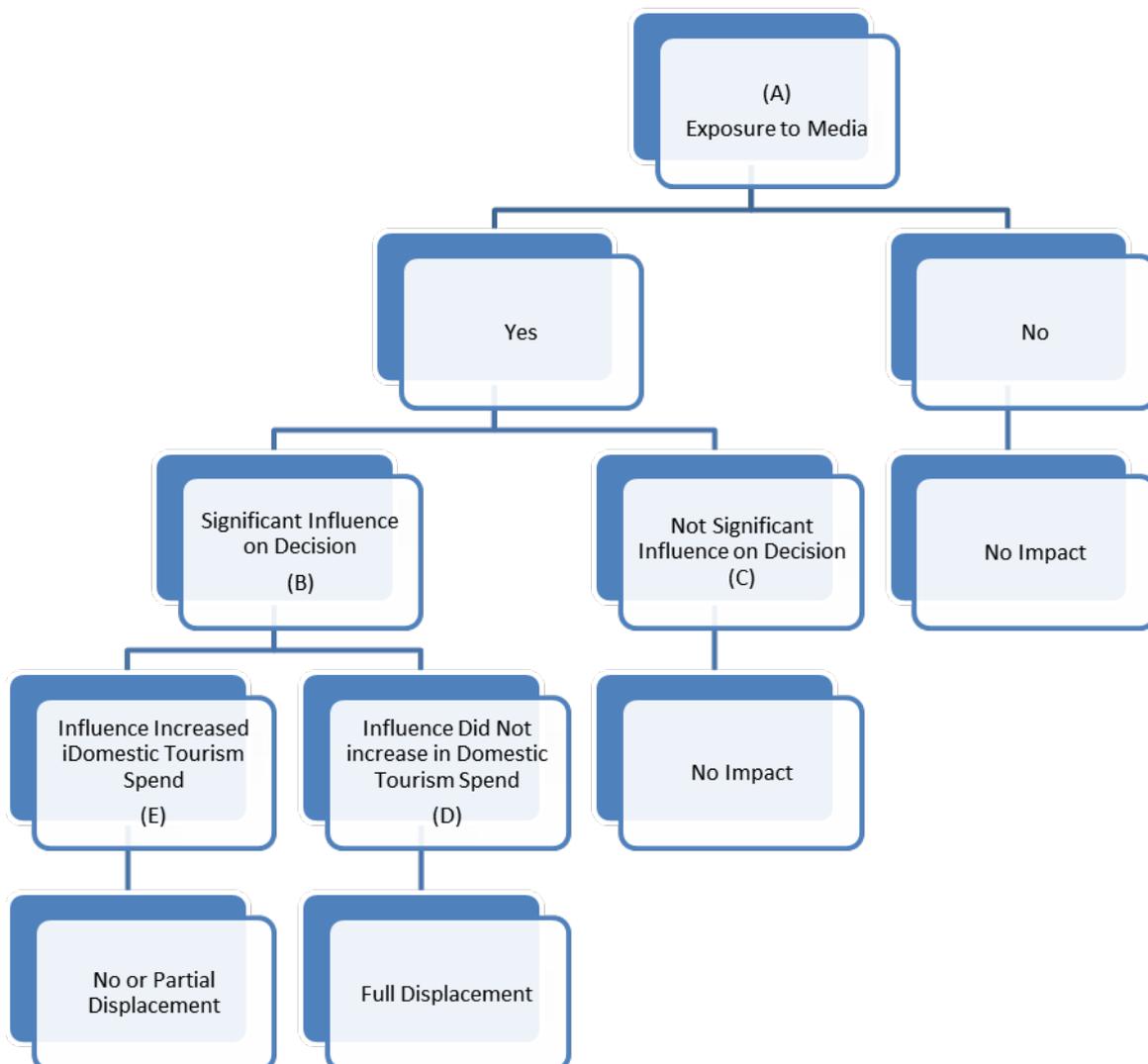
## Survey questions and testing

### 1.12 Introduction and rationale

- 1.12.1 The discussion set in the previous two sections leads, we consider, to three principal conclusions. These are:
- that assessment of market displacement rather than economy wide displacement is the issue of greater importance and relevance in assessing the impact of support to tourism marketing;
  - that, for different reasons, neither econometric analysis nor economy wide modelling offer practical approaches to the assessment of displacement in the context of tourism marketing: and
  - that existing survey based approaches are capable of development to better take account of market displacement
- 1.12.2 In the light of this, it was concluded that survey questions should be devised and tested which would seek to identify decisions made by holidaymakers in response to marketing which would or would not give rise to market displacement. The survey approaches which were reviewed above typically involve questions addressed to people on holiday asking why they chose to take the holiday (e.g. testing the influence of marketing or of an event) and what they would have been doing had they not taken this holiday (the displacement question). This often reduces the assessment of displacement to single question which does not examine the nature of the choice made by the respondent.
- 1.12.3 The earlier discussion of displacement highlighted the fundamental point that market displacement **will** occur if the effect of marketing is to shift the allocation of spending within a more or less fixed “budget” for domestic tourism: this is what happens if marketing simply causes people to choose one domestic destination over another. In contrast, there will be little or no market displacement if the effect of a campaign is to cause people to increase the number of holidays taken (switching expenditure from non-holiday items or from saving) or if the effect is to cause a switch from an overseas trip to a domestic trip (switching much, though not all, of the spending from what is a type of “import”). There is an analogy here with the argument over whether other types of marketing (for example of tobacco products) increase total sales of the product or merely causes “brand switching”.
- 1.12.4 The approach taken focussed, therefore, on how tourism marketing influenced the holiday decision. Use was made of the framework of the VisitEngland Brand and Communications Tracker Survey to explore as fully as possible the influence of various marketing media on each respondent’s most recent holiday decision. Questions already included in that survey address the influence of marketing on decisions and it was straightforward to add questions to that survey and used the combined results of the “old” and “new” questions to address displacement.

1.12.5 The structure of the questioning and the logic used in identifying displacement is summarised in Figure 2. The procedure was to first establish exposure to the marketing medium (A) then identify whether people had been influenced in their most recent holiday decision by that medium. If the influence was reported to be significant (B) then the nature of the influence was examined – i.e. in what way the decision was affected (timing/location/decision to take a holiday at all and so on). If there was no significant influence (C) the responses implied no impact. Decisions which would **not** alter the total amount spent on holidays in the England (D)) were treated as giving rise to full displacement at the national level. Decisions that **would** alter the total amount spent on holidays in England (E), were treated as logically implying either zero or a limited degree of displacement. The questions, which are discussed more fully below, also enabled dimensions of displacement to be examined.

**Figure 2 Displacement Impacts – Survey Question Logic**



1.12.6 Alongside this approach, and for comparison and cross checking, the survey also incorporated questions on the hypothetical alternative similar to those used in other studies mentioned above – i.e. “what would you have done had you not taken this holiday.” The aim of this was to compare the capacity of the questions to obtain information and to check the consistency of the responses. Because of the potential benefits of understanding geographical patterns of displacement questions were also asked about the specific destination choices influenced by marketing.

### 1.13 The Survey Process

1.13.1 TNS have been undertaking the Brand and Communications Tracker Survey for VisitEngland since September 2009. This is a continuous survey of the English resident population, undertaken online every week of the year. Some 100-150 interviews are undertaken each week – with peaks reflecting periods of campaign activity. The survey measures awareness and impact of VisitEngland’s advertising and communications amongst the English holiday taking population. In addition to ‘standard’ communications measures such as recognition and likeability, the survey also focuses on any actions taken as a result of the exposure.

1.13.2 With an appropriate framework based around measuring the impact of the campaigns, this survey clearly provided an ideal platform to test the displacement questions developed in this study with the aim of determining whether they would provide the necessary information and outputs to support the measurement of market displacement. Within the reporting and time constraints of this study, the main benefit of this pilot survey was to test the extent to which respondents were able to answer the ‘displacement questions’ in a format that provided responses of a suitable quality.

1.13.3 Consequently, questions were incorporated in the Brand Tracker Survey for three full weeks of fieldwork – weeks beginning the 12th, 19th and 26th of March. Sample sizes were maximised for these three weeks to ensure that we had the largest possible analysis base – around 150 interviews per week, 450 interviews in total.

1.13.4 The battery of questions was repeated for each of the five campaign elements which were being tested:

- EnjoyEngland website
- EnjoyEngland Newsletter
- ‘Great campaign’ website
- ‘Great campaign’ TV advertisement
- Cottages4you campaign – TV and other

### 1.14 Survey Questions

1.14.1 The questions which were added to the Tracker Survey are highlighted below in red font below. Referring to Figure 2, these questions supplement those already asked on (A) Exposure to Media and (B) Influence on Decision, and so are focussed on (C) Increase in Domestic Tourism Spend. In the questions on the aspect of the decision affected by marketing, the option of an impact in terms of a switch of location was added. As discussed above, a set of questions asking directly what alternative actions would have been taken if the specific trip had not gone ahead was also asked. As discussed below in section 4.4, the answers to these questions raise issues of interpretation.



**Brand Tracker – Campaign Evaluation Section**  
**– Displacement Additions, weeks commencing 12<sup>th</sup>, 19<sup>th</sup> and 26<sup>th</sup> March 2012**

**EnjoyEngland Website**

Q52a. Have you visited this website?

**SINGLE CODE**

- Yes - before your most recent trip
- Yes - since your most recent trip
- Yes - both before and since
- No - never visited

**ASK IF VISITED WEBSITE BEFORE TRIP - CODE 1 OR 3 AT 52A:**

Q52b And on a scale of 1 to 5, where 5 means ‘a major influence’ and 1 means ‘a minor influence’, what influence, if any, did the EnjoyEngland website have on your decision to take your most recent holiday or short break?

- 5 - A major influence
- 4
- 3
- 2
- 1 – A minor influence/no influence at all
- Don't know

**ASKED IF INFLUENCED AT Q52B (CODES 2, 3, 4 AND 5 AT Q52B):**

Q52C. In what ways did the EnjoyEngland website influence your decision to visit?

**MULTICODE**

- Decided to take holiday, would have stayed at home otherwise
- Visited England instead of another destination
- Visited a part of England I had not been to before
- Encouraged me to choose a different place in England from the one(s) I'd previously been considering**
- Visited more places than I originally planned to go to
- Visited England at a different time of year
- Took part in different activities
- Stayed in a different type of accommodation
- Stayed away from home for a longer duration
- Other
- None of these
- Don't know

**ASK IF 'STAYED AWAY FROM HOME FOR A LONGER DURATION' AT Q52C:**

Q52d. To what extent did the EnjoyEngland website encourage you to stay longer on your trip?

- Definitely
- Probably
- Possibly
- Not at all/don't know

**ASK IF DEFINITELY/PROBABLY/POSSIBLY AT Q52d:**

Q52d1. You stated that the EnjoyEngland website encouraged you to stay longer on your most recent trip. How many more nights longer did you stay than originally planned?

*If you aren't sure please provide an estimate.*

Number of extra nights

**ASKED IF 'DECIDED TO TAKE A HOLIDAY WOULD HAVE STAYED AT HOME' OR 'VISITED ENGLAND INSTEAD OF ANOTHER DESTINATION' AT Q52C:**

- 52e. To what extent did the EnjoyEngland website turn a **possible** visit into a **certainty**?
- Definitely
  - Probably
  - Possibly
  - Not at all/don't know

**ASKED IF INFLUENCED AT Q52B (CODES 2, 3, 4 AND 5 AT Q52B):**

**Q52f. If you had not visited this area when you did, what would you have been likely to do instead?**

**If you would have considered more than one of these options, please choose all that apply**

**MULTICODE**

- Would have visited the same place but at a different time
- Visited somewhere else in the **same** area of England
- Visited somewhere else in a **different** area of England
- Gone on a trip to Scotland, Wales or Northern Ireland
- Gone abroad
- Would not have taken a trip at all

**ASKED IF MORE THAN ONE RESPONSE AT Q52f. ONLY SHOW RESPONSES SELECTED AT Q52F**

**Q52g. Which would you have been most likely to do?**

**SINGLE CODE**

- Would have visited the same place but at a different time
- Visited somewhere else in the **same** area of England
- Visited somewhere else in a **different** area of England
- Gone on a trip to Scotland, Wales or Northern Ireland
- Gone abroad
- Would not have taken a trip at all

**ASKED IF "visited somewhere else in the same area of England" or "somewhere else in a different area of England" at Q52F**

**Q52h. You said before you would have visited somewhere else in England. Which places or places would you have considered?**

**OPEN ENDED**

.....

**Question battery repeated for each of the other campaign elements**

## 1.15 The Results

1.15.1 An analysis of the responses over this period from the 450 respondents is set out below. We have combined the results from the five campaign elements where the questions were asked, thus analysis is based on 450 respondents x 5 iterations = 2,250 responses. We feel that this is a more appropriate analysis base than respondent-based analysis where one respondent may have reacted very differently between one campaign element and another. We have appended more detailed analysis - by campaign - to this report (Appendix 2). We have also included analysis of the 'headline' questions on recognition and stated influence to provide a contextual understanding of the scale of the responses to the corresponding questions.

**Table 1 Awareness/recognition of the campaign elements**

Have you visited this website/seen this advertising/do you subscribe to this newsletter?

	Responses to this question		Total responses	
	Number	%	Number	%
<b>Yes</b>	482	21%	482	21%
<b>No</b>	1,723	77%	1,723	77%
<b>Don't Know</b>	45	2%	45	2%
<b>Total</b>	2,250	100%	2,250	100%

1.15.2 Overall, just over 20% of all responses were that the VisitEngland material in question had been seen prior to t most recent trip. This varied considerably by campaign element:

- Seen Great campaign and Cottages4you advertising before visit: 38%
- Visits to the EnjoyEngland website prior to visit: 17%
- Subscribers to EnjoyEngland newsletter: 8%
- Visits to Great campaign website prior to visit: 6%

**Table 2 Influence of campaign elements**

*Amongst those aware/visited website/received newsletter:*

On a scale of 1 to 5, what influence, if any, did this have on your decision to take your most recent holiday or short break?

	Responses to this question		Total responses	
	Number	% of those exposed to campaign	Number	% of all respondents
<b>5 – A major influence</b>	54	11%	54	2%
<b>4</b>	62	13%	62	3%
<b>3</b>	121	25%	121	5%
<b>2</b>	39	8%	39	2%
<b>1 – A minor influence / no influence at all</b>	193	40%	193	9%
<b>Don't Know</b>	11	2%	11	*
<i>Question not asked</i>	-	-	1,769	79%
<b>Total</b>	481	100%	2,250	100%

\* Less than 0.5%

- 1.15.3 Overall, amongst those who had seen the VisitEngland materials before their most recent trip, almost 6 in 10 claimed to have been influenced in some way at all by answering with an influence score of 2-5 (58%). Almost a quarter provided a 'top two box' influence rating by answering with an influence score of 4-5 (24%). As a proportion of the overall English holiday taking population, some 12% claimed to have been influenced to some degree by the campaigns.

**Table 3 Types of influence of campaign amongst those claiming influence:  
In what ways did the [Element] influence your decision to visit? (multiple responses possible)**

	Responses to this question		Total responses	
	Number	% of those exposed to campaign	Number	% of all respondents
<b>Decided to take holiday, would have stayed at home otherwise</b>	48	17%	48	2%
<b>Visited England instead of another destination</b>	48	17%	48	2%
<b>Visited a part of England I had not been to before</b>	63	23%	63	3%
<b>Encouraged me to choose a different place in England from the one(s) I'd previously been considering</b>	55	20%	55	2%
<b>Visited more places than I originally planned to go to</b>	52	19%	52	2%
<b>Visited England at a different time of year</b>	47	17%	47	2%
<b>Took part in different activities</b>	30	11%	30	1%
<b>Stayed in a different type of accommodation</b>	21	8%	21	1%
<b>Stayed away from home for a longer duration</b>	12	4%	12	1%
<b>Other</b>	4	1%	4	*
<b>None of these</b>	52	19%	52	2%
<b>Don't Know</b>	7	3%	7	*
<i>Question not asked</i>	-	-	1,994	89%
<b>Total</b>	276	100%	2,250	100%

\* Less than 0.5%

- 1.15.4 The remaining analysis of the influence of the materials – and the displacement effects – are based on the responses of those providing an influence rating of 2-5 in answer to the questions above (276 responses in total – 58% of those who had seen the campaigns and claimed a degree of influence; 12% of the total responses). In the calculations of return on investment based on the Tracker responses, the degree of influence reported is a factor in calculating the proportion of spending which is additional. This weighting of influence issue is not relevant to the displacement calculation but would form part of any overall impact assessment.
- 1.15.5 We can identify answers which clearly rule out market displacement. Thus 17% of respondents stated that they were influenced to take a holiday rather than stay at home and 17% were influenced to choose England over another destination. Respondents could give multiple answers and we cannot be sure that these were mutually exclusive and so we have not simply added the figures together. Rather, we note that these 276 respondents gave *in total* 439 answers to this set of questions. Therefore we have taken the percentage of *all* answers accounted for by these two choices (22%) as the % of trips which were not displaced within England – i.e. a maximum possible 78% displacement.
- 1.15.6 Implied displacement may be less than 78% as it is certainly possible that some of the people responding, for example, that marketing made them visit a part of England that they had not visited before would not have taken a holiday in England/Britain if they had not made this specific trip so that the trips did not involve displacement.
- 1.15.7 Moreover, some of the other impacts reported may have *increased* tourism spend – particularly effects on length of stay, activities and accommodation quality. We have treated these as impacts on additionality rather than displacement in parallel work for VisitEngland.
- 1.15.8 Our **maximum** estimate of market displacement in VisitEngland marketing is thus 78%.
- 1.15.9 Looking at the issue from another angle, one in five responses (20%) indicated that marketing had encouraged respondents to choose a different place in England from the one(s) they had previously been considering. This is a fairly clear and “direct” measure of displacement obtained from the inclusion of this statement within a longer list of other influences. As can be seen, it is one of six influences of a broadly similar scale (accounting for 17-23% in each case):
- Visited a part of England I had not been to before - 23%
  - Encouraged me to choose a different place in England from the one(s) I'd previously been considering - 20%
  - Visited more places than I originally planned to go to - 19%
  - Decided to take holiday, would have stayed at home otherwise - 17%
  - Visited England instead of another destination - 17%
  - Visited England at a different time of year - 17%
- 1.15.10 Respondents were able to give multiple responses. Across the various marketing campaigns just 9% of responses indicated that the **only** effect of the campaign has been to bring about a change in planned destination within England. We could regard this as a “hard core” of displacement undiluted by other impacts.

- 1.15.11 However, we do not consider that this very narrow measure of displacement is appropriate since we certainly cannot rule out displacement as being present where destination was one of the decisions affected nor can we even rule it out where effects on destination were not mentioned. For example, a person who said that marketing affected the number of places visited does appear to be indicating that some holiday trip was planned so that marketing was probably not a key influence in the decision to holiday in England.
- 1.15.12 To test the above reasoning an additional, more explicit 'displacement question' was included within the pilot study. The results are shown below. As multiple answers were allowed, we may note that the 276 respondents gave 361 answers to this question.

**Table 4 Specific displacement effects**

*Amongst those claiming campaign influence:*

If you had not visited this area when you did, what would you have been likely to do instead?

	Responses to this question		Total responses	
	Number	%	Number	%
<b>Would have visited the same place but at a different time</b>	94	34%	94	4%
<b>Visited somewhere else in the same area of England</b>	82	30%	82	4%
<b>Visited somewhere else in a different area of England</b>	96	35%	96	4%
<b>Gone on a trip to Scotland, Wales or Northern Ireland</b>	23	8%	23	1%
<b>Gone abroad</b>	23	8%	23	1%
<b>Would not have taken a trip at all</b>	43	16%	43	2%
<i>Question not asked</i>	-	-	1,994	89%
<b>Total</b>	276	100%	2,250	100%

\* Less than 0.5%

- 1.15.13 In this list we can identify three answers which imply no market displacement at the English level. These are:

- I would have gone to Scotland, Wales or Northern Ireland
- I would have gone abroad
- I would not have take a trip at all.

- 1.15.14 In addition, the answer "I would have visited the same place at a different time" can be interpreted as implying non displacement since the respondents may be indicating first that the marketing led them to visit the location and that had circumstances prevented the trip they would have visited at another time. The alternative interpretation is that the marketing led them to make (say) a spring trip rather than a planned summer trip.

- 1.15.15 Again multiple answers were allowed so we have calculated the percentage of all **answers** (not all respondents) accounted for by the last three answers. The number of such answers (89) is 25% of all answers - similar to the “non-displacement” factor calculated above. If we add in the fourth question “non-displaced” proportion becomes 50%. It is also interesting to note that where displacement clearly did occur it was evenly divided between effects within the area and effects at an England level.
- 1.15.16 If we consider only respondents who answered one of the above four questions but no other questions then we have 104 such responses out of 276: that is 38%. This would imply 38% of trips were non-displaced.
- 1.15.17 Finally, respondents who gave multiple answers were asked to nominate one action as the most likely alternative. There were 54 respondents gave an answer. If we add these responses to answers to the previous question where only one option was chosen we have the “most likely” response for the whole sample. . On this basis 23% indicated that they would have been *most* likely to visit another part of England – which is fairly clearly displacement. Some 24% indicated that they would have gone outside England or not taken any holiday (the definite cases of non-displacement). The most common answer, given by 31%, was that they would have gone to the same area at a different time. As we have discussed, this question is open to different interpretations in terms of displacement.
- 1.15.18 As noted above, where people we asked what they would have done had they not taken their most recent holiday at the time and place they did, many respondents gave more than one answer. However, people who answered “I would not have taken a trip at all” gave that answer **and only that answer** in almost all cases. This suggests that that tourists influenced by marketing fall into two groups, those that are motivated or encouraged to take a specific trip and those who are open to considering alternatives. The “hard core” of people motivated to take a specific trip for which they would have accepted no substitute amounted to 16% of those affected by marketing.
- 1.15.19 There remains a degree of uncertainty around the interpretation of both sets of questions piloted in that there may be some non-displacement among respondents whose responses to the first set of questions have been interpreted as implying displacement while in the second set of questions the answer “I would visited the same place at a different time” is open to more than one interpretation. We consider that the wording of this question should be reviewed.
- 1.15.20 However, we consider that taken together the responses suggest that the range of displacement is broadly between 50% and 75%. Further refinement of the questions may allow this range to be narrowed.
- 1.15.21 The 178 respondents who claimed they would have visited another destination were asked to indicate the place(s) they would have considered. The full responses to this question are provided in an appendix and to appear to suggest that the questions have been understood and considered properly in the vast majority of cases. Some 70% mentioned specific parts of England, 4% mentioned Scotland or Wales, whilst around 25% typed in a variety of responses which were difficult to interpret and indicated that for some people complex choices could not be reduced to a simple answer.
- 1.15.22 The questionnaire overall is very lengthy – by this point, most respondents would have been some 20 minutes or more into the questionnaire – thus, we feel that this quality of response to an open-ended question of this nature suggests that the question has been understood and answered properly in the vast majority of cases. however, it is also evident that holiday destination choices are complex and that the issue of “hypothetical alternative” destinations is difficult to address in a wide ranging survey on the effects of marketing campaigns.

- 1.15.23 The analysis of specific effects on spatial displacement (i.e. the choice of one area over another) and on timing of holidays is, however, potentially valuable to policy research insofar as policies do have the aim of “rebalancing” tourism spend between very popular and even congested areas and other locations or shifting demand into periods of the year where there are high levels of spare capacity. At the level of research on trips to individual destinations, there would be value in asking a question or questions about which specific alternative locations people would have or did consider; this could help identify which locations are in direct competition or are seen as potential substitutes.

## 1.16 Conclusions

- 1.16.1 In the review of existing approaches in Section 3 we concluded that, the most practical, immediately applicable and robust approach to the assessment of market displacement is likely to be through development and improvement of a survey based approach. We consider that this conclusion has been borne out by the testing of the proposed survey approach. All of the questions piloted have ‘worked’ – they have been understood by respondents, and the quality of responses suggests that, from a respondent perspective, they could be applied in surveys of this nature.
- 1.16.2 We would argue that the consistency between the explicit displacement question and the inclusion of the displacement ‘option’ within the longer list of influences suggests that the approach is reasonably robust. There is scope for some improvements to the clarity of the second set of questions in terms of the meaning of “I would have visited at a different time and we have suggested a change in the wording. We identified a “hard core” displacement impact of about 10% which relates to respondents who clearly identified a shift of destination within England as the **only** effect of marketing. However, for reasons set out above we regard this definition as too narrow. Overall, and rounding the figures, we conclude that for the set of marketing initiatives examined displacement was at most 75% and not less than 50%.

## Conclusions and recommendations

### 1.17 Defining displacement at different levels

- 1.17.1 In considering the economic impact of tourism marketing, and thus the return to that investment from the standpoint of the national economy, we can consider displacement at two levels. The first is market displacement and reflects the degree to which tourism destination marketing *increases* overall tourism spend in the economy or merely redirects it in terms of location or time. This dimension of displacement needs to be properly accounted in studies of tourism marketing if we are accurately to measure the net additional tourism activity created by marketing. This is something we need to establish in **all** evaluations and in many cases may be as much as we need to establish (e.g. if the question to be addressed is simply whether a campaign increased tourism). Displacement in this sense is a matter which can and must be assessed at different geographical scales – the relevant question for an evaluation being whether tourism activity has been increased in a town, area, region or nationally.
- 1.17.2 The net increase in tourism spend at whatever level is being assessed is a necessary input to a full economic impact assessment. In this context the broader definition of displacement is relevant. Increased demand in one sector of the economy (e.g. tourism related business) will have negative as well as positive effects on other sectors: on the one hand creating demand across the economy while also drawing away resources and affecting other sources of demand. Correctly allowing for this economy side displacement is a challenge for economic modelling. However, this is a complex issue which cannot be practically addressed in small scale evaluations of individual initiatives or programmes.

### 1.18 Focus on market displacement

- 1.18.1 The assessment of market displacement in the context of destination marketing depends upon the ability to assess the impact of marketing on complex decisions. Statistical and econometric modelling has potential to provide insights in this area but has not yet provided readily operational tools.
- 1.18.2 A direct survey approach, as set out here, has its limitations. Respondents may have imperfect recall of their decisions and their response may be biased by the survey context but we consider that the approach has compelling advantages in terms of simplicity, applicability and cost. Careful question design can mitigate some of the weaknesses.

### 1.19 Recommended Approach

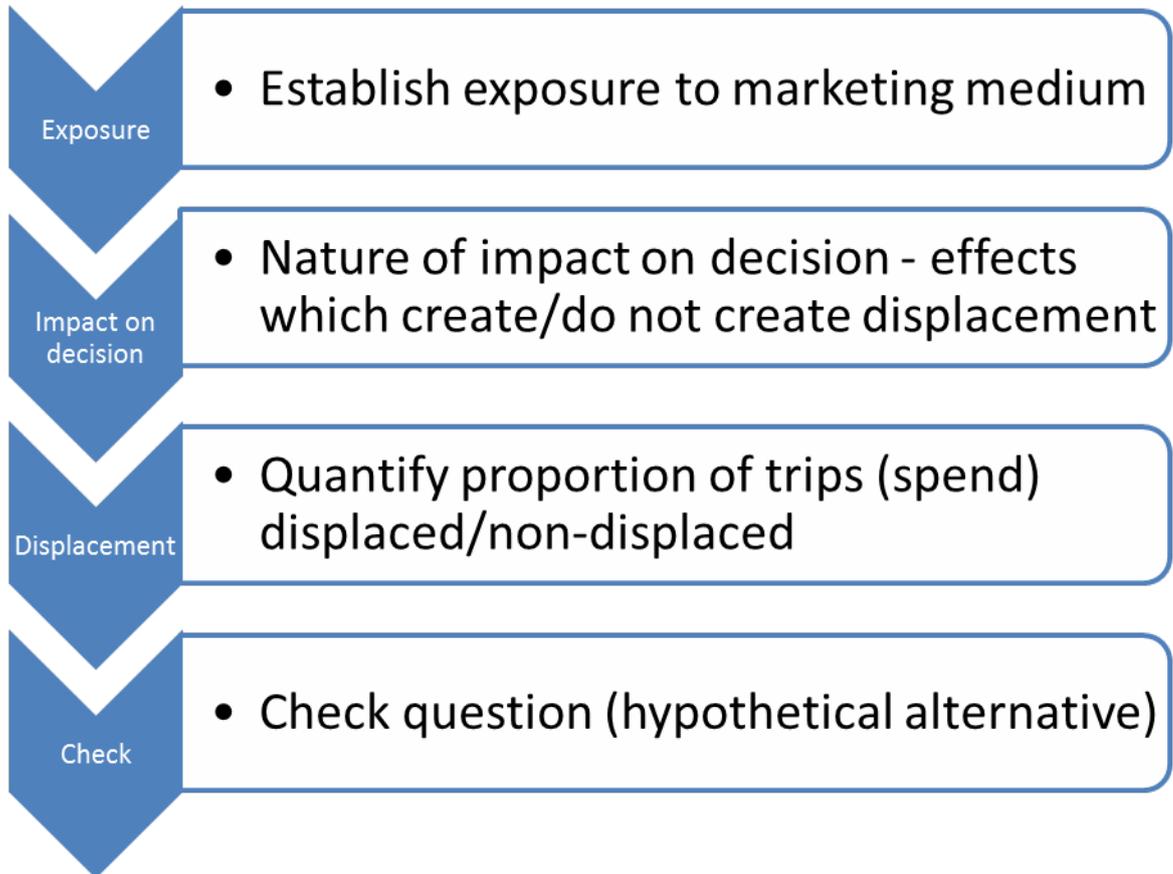
- 1.19.1 The approach which we have piloted and which we recommend seeks to identify displacement effects early in the decision process. Thus in the Ecotec<sup>17</sup> study it was suggested that a question on the lines of “what would you have done if you had not taken this trip” be included in surveys. We do not dissent from this but consider that questions should be asked about marketing earlier in the survey, and that the exact range of questions asked has an important bearing on the robustness of the results. The recommended approach has developed these aspects of the survey methodology.
- 1.19.2 In the “test run” using the Tracker we were focussing on specific marketing mechanisms. If a study or evaluation is concerned with marketing initiatives other than those considered here then the survey should be suitably adjusted.

---

<sup>17</sup> Ecotec op.cit.

1.19.3 The specific questions used in the test survey could be readily adapted and in setting out the approach we have been conscious of the need to work within existing survey resource limitations. The general principles of our approach are set out in Figure 2.

**Figure 2 Principles of assessment of market displacement**



1.19.4 The approach we have taken classifies trips as displaced/non displaced. It will be recalled that the Ecotec approach suggested levels of displacement depending on the degree of certainty with which people answered a question about their likely alternative course of action. We recognise that the answers given by respondents are necessarily uncertain but our focus on classifying respondents according to how they were affected in their decision making does lend itself to this approach. We also consider that the adoption of given percentages of displacement adds an extra element of arbitrariness in the assessment.

## 1.20 Developing the approach

1.20.1 The approach set out here is intended to be immediately applicable. The Return on Investment calculations currently being developed for VisitEngland embody the principles of the approach set out in this report. Improvement and strengthening of the approach could be achieved by running the questionnaire over a larger sample size and gaining a better understanding of the influences on:

- the choice of location (including domestic/abroad)
- the determination of the annual holiday “budget” (i.e. to what extent does marketing increase the total spend on holidays).

- 1.20.2 Better understanding of these issues could improve the focus of the questions on the impact of specific campaigns on decisions which lead to increases in expenditure and to expenditure which is likely to be displaced/not displaced. It may also be possible to understand which types of holiday or even target customer market are characterised by higher or lower levels of displacement.
- 1.20.3 The application of the approach could significantly improve the accuracy of measurement of the return on investment in destination marketing in that the questions could be readily adapted to work in an individual destination questionnaire. We recommend, therefore, that questionnaire based evaluations of specific destination marketing campaigns should include in the survey questions designed to identify displacement effects. These questions could be developed by modifying to suit specific destinations/campaigns the questions on the effects of marketing (Table 3) and hypothetical alternatives (Table 4).



Appendix  
Tables





Great Campaign Website		
Ask all		
<b>54a</b>		
<b>Have you visited this website?</b>		
	Total	
Total	450	100%
Yes - before your most recent trip	16	4%
Yes - since your most recent trip	18	4%
Yes - both before and since	13	3%
No - never visited	403	90%
Ask if yes before or before and since trip		
<b>54b</b>		
<b>And on a scale of 1 to 5, where 5 means 'a major influence' and 1 means 'a minor influence', what influence, if any, did the great2012offers.com website have on your decision to take your most recent holiday or short break?</b>		
	Total	
Total	29	100%
5 - A major influence	6	21%
4	4	14%
3	13	45%
2	1	3%
1 – A minor influence/no influence at all	5	17%
Don't know	0	0%

Cottages4you & great campaign		
Ask all	2 rotations	
<b>55a</b>	450 x2 base	
<b>Have you seen this advertising?</b>		
	Total	
Total	900	100%
Yes	342	38%
No	524	58%
Don't know	34	4%
Ask if yes before or before and since trip		
<b>55b</b>		
<b>And on a scale of 1 to 5, where 5 means 'a major influence' and 1 means 'a minor influence', what influence, if any, did this advertising have on your decision to take your most recent holiday or short break?</b>		
	Total	
Total	342	100%
5 - A major influence	31	9%
4	41	12%
3	78	23%
2	24	7%
1 – A minor influence/no influence at all	157	46%
Don't know	11	3%



COMBINED RESULTS		
Ask all		
<b>55a</b>		
<b>Have you seen this advertising?</b>		
	Total	
Total	2250	100%
Yes	482	21%
No	1723	77%
Don't know	45	2%
Ask if yes before or before and since trip		
<b>55b</b>		
<b>And on a scale of 1 to 5, where 5 means 'a major influence' and 1 means 'a minor influence', what influence, if any, did this advertising have on your decision to take your most recent holiday or short break?</b>		
	Total	
Total	481	100%
5 - A major influence	54	11%
4	62	13%
3	121	25%
2	39	8%
1 – A minor influence/no influence at all	193	40%
Don't know	11	2%



Enjoy England Website		
52c		
In what ways did the EnjoyEngland website influence your decision to visit?		
	Total	
Total	54	
Decided to take holiday, would have stayed at home otherwise	9	17%
Visited England instead of another destination	11	20%
Visited a part of England I had not been to before	13	24%
Encouraged me to choose a different place in England from the one(s) I'd previously been considering	12	22%
Visited more places than I originally planned to go to	14	26%
Visited England at a different time of year	5	9%
Took part in different activities	6	11%
Stayed in a different type of accommodation	4	7%
Stayed away from home for a longer duration	1	2%
Other	0	0%
None of these	7	13%
Don't know	0	0%

EnjoyEngland Newsletter		
53e		
In what ways did the EnjoyEngland newsletter influence your decision to visit?		
	Total	
Total	24	100%
Decided to take holiday, would have stayed at home otherwise	8	33%
Visited England instead of another destination	3	13%
Visited a part of England I had not been to before	9	38%
Encouraged me to choose a different place in England from the one(s) I'd previously been considering	5	21%
Visited more places than I originally planned to go to	7	29%
Visited England at a different time of year	6	25%
Took part in different activities	7	29%
Stayed in a different type of accommodation	4	17%
Stayed away from home for a longer duration	2	8%
Other	1	4%
None of these	4	17%
Don't know	0	0%



Great Campaign Website		
<b>54c</b>		
In what ways did the great2012offers.com website influence your decision to visit?		
	Total	
Total	24	100%
Decided to take holiday, would have stayed at home otherwise	4	17%
Visited England instead of another destination	7	29%
Visited a part of England I had not been to before	7	29%
Encouraged me to choose a different place in England from the one(s) I'd previously been considering	4	17%
Visited more places than I originally planned to go to	10	42%
Visited England at a different time of year	7	29%
Took part in different activities	5	21%
Stayed in a different type of accommodation	1	4%
Stayed away from home for a longer duration	3	13%
Other	0	0%
None of these	1	4%
Don't know	0	0%

Cottages4you & great campaign		
<b>55c</b>		
In what ways did this advertising influence your decision to visit?		
	Total	
Total	174	
Decided to take holiday, would have stayed at home otherwise	27	16%
Visited England instead of another destination	27	16%
Visited a part of England I had not been to before	34	20%
Encouraged me to choose a different place in England from the one(s) I'd previously been considering	34	20%
Visited more places than I originally planned to go to	21	12%
Visited England at a different time of year	29	17%
Took part in different activities	12	7%
Stayed in a different type of accommodation	12	7%
Stayed away from home for a longer duration	6	3%
Other	3	2%
None of these	40	23%
Don't know	7	4%



COMBINED RESULTS		
<b>55c</b>		
<b>In what ways did this advertising influence your decision to visit?</b>		
	Total	
Total	276	
Decided to take holiday, would have stayed at home otherwise	48	17%
Visited England instead of another destination	48	17%
Visited a part of England I had not been to before	63	23%
Encouraged me to choose a different place in England from the one(s) I'd previously been considering	55	20%
Visited more places than I originally planned to go to	52	19%
Visited England at a different time of year	47	17%
Took part in different activities	30	11%
Stayed in a different type of accommodation	21	8%
Stayed away from home for a longer duration	12	4%
Other	4	1%
None of these	52	19%
Don't know	7	3%
Ask if influenced (2-5)		
55f1		



Enjoy England Website		
<b>52g1</b>		
<b>Which would you have been most likely to do?</b>		
	Total	
Total	9	100%
Would have visited the same place but at a different time	5	56%
Visited somewhere else in the same area of England	3	33%
Visited somewhere else in a different area of England	1	11%
Gone on a trip to Scotland, Wales or Northern Ireland	0	0%
Gone abroad	0	0%
Would not have taken a trip at all	0	0%

EnjoyEngland Newsletter		
<b>53h</b>		
<b>Which would you have been most likely to do?</b>		
	Total	
Total	8	100%
Would have visited the same place but at a different time	4	50%
Visited somewhere else in the same area of England	2	25%
Visited somewhere else in a different area of England	1	13%
Gone on a trip to Scotland, Wales or Northern Ireland	0	0%
Gone abroad	1	13%
Would not have taken a trip at all	0	0%



Great Campaign Website		
54f		
<b>Which would you have been most likely to do?</b>		
	Total	
Total	9	100%
Would have visited the same place but at a different time	5	56%
Visited somewhere else in the same area of England	4	44%
Visited somewhere else in a different area of England	0	0%
Gone on a trip to Scotland, Wales or Northern Ireland	0	0%
Gone abroad	0	0%
Would not have taken a trip at all	0	0%

Cottages4you & great campaign		
55f2		
<b>Which would you have been most likely to do?</b>		
	Total	
Total	28	
Would have visited the same place but at a different time	11	39%
Visited somewhere else in the same area of England	7	25%
Visited somewhere else in a different area of England	7	25%
Gone on a trip to Scotland, Wales or Northern Ireland	0	0%
Gone abroad	1	4%
Would not have taken a trip at all	2	7%



COMBINED RESULTS		
<b>Which would you have been most likely to do?</b>		
		Total
Total	54	
Would have visited the same place but at a different time	25	46%
Visited somewhere else in the same area of England	16	30%
Visited somewhere else in a different area of England	9	17%
Gone on a trip to Scotland, Wales or Northern Ireland	0	0%
Gone abroad	2	4%
Would not have taken a trip at all	2	4%