

Baseline Research for
Economic Studies as part of
Brand Management Work for
Cumbria and the Lake District

Executive Summary
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EXECUTIVE SUMMARY

INTRODUCTION

DC Research (along with partners Centre for Regional Economic Development (**CRED**) at the University of Cumbria and **Red Research**) was appointed by Copeland Borough Council on behalf of local partners¹ to conduct "**Baseline Research for Economic Studies as part of Brand Management Work for Cumbria and the Lake District**".

The main purpose of the study was to carry out baseline economic research on the Cumbria and Lake District brands in relation to the Managing Radioactive Waste Safely Process. This involved carrying out research on the sectors in Cumbria that benefit from the Cumbria and Lake District brands with the results being used to provide a baseline for any future research that would be carried out if a Decision to Participate in the search for a site for a geological disposal facility was made.

APPROACH AND METHOD

The approach and method adopted for the development of the economic baseline combined the use of a **range of secondary sources of data** (including official economic data as well as bespoke tourism related data sources) alongside **primary research with businesses in Cumbria**.

The primary research included an **e-survey** (446 replies from businesses in Cumbria) and **business consultations** (44 one-to-one interviews with businesses) which focused on asking key questions to businesses across the Cumbrian economy about their businesses sensitivity to, and reliance on, the key aspects of the Cumbria and Lake District brands. It also asked about the potential/expected impacts on their business from Cumbria taking part in the search for a repository site (GDF).

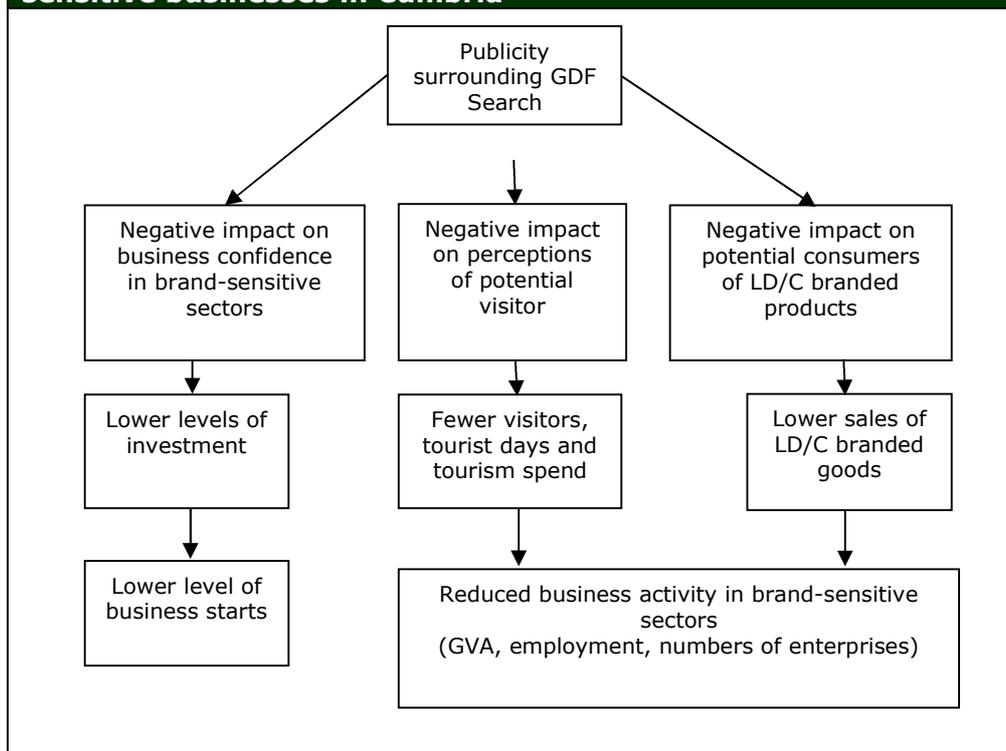
The project also examined how **secondary sources of data** could be used to inform the baseline. Relevant economic indicators were identified and incorporated into the baseline and consideration was given to the selection of suitable benchmark, comparator areas for Cumbria (including Northumberland, North Yorkshire, Devon and Pembrokeshire – counties with similar economic structures and a National Park).

The selection of indicators used in the baseline was guided by assumptions about the ways in which publicity surrounding GDF might impact upon choices made by businesses, potential visitors to the County and those who consume products branded as Lake District or Cumbrian. This is summarised in Figure 1 overleaf. Three parallel impacts are possible:

- Publicity surrounding GDF has a **negative impact on business confidence** and their perceptions of growth prospects resulting in **cautious investment plans** and **lack of inducement to start new enterprises**.
- Publicity surrounding GDF has a **negative impact on the perceptions of potential visitors** resulting in **fewer visitors** and **lower visitor spend** leading to **reduced business activity** in tourist-dependent activities.
- Publicity surrounding GDF has a **negative impact on perceptions of potential consumers** of Lake District and Cumbrian branded products which **reduces sales** and leads to **reduced business activity** in brand-sensitive sectors.

¹ Allerdale Borough Council, Copeland Borough Council, Cumbria County Council, Cumbria Chamber of Commerce, Cumbria Tourism and the Lake District National Park Authority.

Figure 1: Hypothetical Impacts of GDF Publicity on brand sensitive businesses in Cumbria



Secondary evidence has been used to assess the impact of these effects **on a range of business-related economic indicators**. These include economic data from official sources (employment, business stock and GVA) as well as proprietary data specifically about tourism (e.g. STEAM). The Table below sets out the indicators that have been drawn from secondary sources:

Official Data Series	Tourism Sources
<ul style="list-style-type: none"> ▪ Levels of employment in tourism, land-based and food & drink sectors. ▪ Number of enterprises in tourism, land-based and food & drink sectors. ▪ Total farm labour in Cumbria. ▪ Levels of economic activity (measured by Gross Value Added - GVA) in tourism, land-based and food & drink sectors. ▪ The rate of new business start-up in Cumbria. ▪ The rate of business closure in Cumbria. 	<ul style="list-style-type: none"> ▪ Numbers of visitors to Cumbria (and to the Lake District National Park). ▪ Number of tourism days in Cumbria (and to the Lake District National Park). ▪ Tourism spend in Cumbria (and to the Lake District National Park). ▪ Employment in tourism in Cumbria (and to the Lake District National Park). ▪ Levels of occupancy in accommodation in Cumbria. ▪ Tourism business perceptions about performance (turnover, profit, and visitor numbers). ▪ Tourism business perceptions about the level of forward bookings.

Recent data trends for these indicators were examined to test the robustness of these indicators and the appropriateness of the comparator areas:

- Trends in **employment and GVA** suggest that Cumbria has generally been more resilient as an economy than the benchmark areas during difficult economic

circumstances between 2008 and 2011. Cumbria performs less well, however, in terms of trends in the number of businesses.

- STEAM data demonstrates that the Lake District attracts considerably more **tourist visitors and visitor spend** than the National Parks within the selected benchmark areas. Indicators of tourist activity in Cumbria as a whole, however, are comparable with those for the County of Devon.
- Overall, examination of trends over time suggest that, subject to appropriate cross-checking between different sources, these could be used as suitable indicators to monitor economic trends in Cumbria in relation to benchmark areas.

For those aspects of the baseline not covered by these secondary sources, the baseline business survey element of the primary research has been used to provide more specific and up to date indicators. The business survey results provide baseline evidence in relation to:

- **GDF Impact** - Percent of business that use Cumbria and Lake District brands that say publicity surrounding the possibility of hosting a GDF has had a very negative impact on sales (17%).
- **Employment** - Percent of business that use Cumbria and Lake District brands that reported a decrease in Employment compared with this time last year (17%).
- **Sales** - Percent of business that use Cumbria and Lake District brands that reported a decrease in Sales compared with this time last year (43%).
- **Profit Margins** - Percent of business that use Cumbria and Lake District brands that reported a decrease in Profit Margins compared with this time last year (55%).
- **Investment** - Percent of business that use Cumbria and Lake District brands that reported a decrease in Investment compared with this time last year (26%).
- **Business confidence** - Percent of business that use Cumbria and Lake District brands that reported a decrease in Business confidence compared with this time last year (45%).
- **Customer/Visitor Numbers** - Percent of business that use Cumbria and Lake District brands that reported a decrease in Customer/Visitor Numbers compared with this time last year (50%).

ASSESSING CHANGE AGAINST THE BASELINE

In terms of assessing progress against this baseline at any point in the future, the key issue to be considered is around the **timeliness** of the data used in the baseline.

The different data sources used in the baseline are updated at different points of time, and at different regularities (i.e. some are updated more frequently than others) and as such, it will be **important to assess progress against this baseline at appropriate points in the future when updates of the baseline data have become available.**

Reflecting on the availability of updated data from the key sources used, the timescales for updating this baseline and assessing change against the baseline indicators could be carried out as follows:

- In **April 2013** – update the occupancy data and Tourism Business Survey data (to provide the first measure of progress against the baseline for these indicators)
- In **May/June 2013** – update the STEAM data (to provide a more up to date 2012 baseline)

- In **November 2013** – update the official economic data (to provide a more up to date 2012 baseline position)
- In **November 2013** – update the occupancy data and Tourism Business Survey data (to provide a second measure of progress against baseline for these indicators)
- In **May/June 2014** - update the STEAM data (to provide a the first measure of progress against the 2012 baseline)
- In **May/June 2014** – update the occupancy data and Tourism Business Survey data (to provide the third measure of progress against the baseline for these indicators)
- In **November 2014** – update the official economic data (to provide the first measure of progress against the 2012 baseline position)
- In **November 2014** – update the occupancy data and Tourism Business Survey data (to provide a fourth measure of progress against baseline for these indicators)

This pattern could then be repeated at six monthly intervals as required.

BASELINE FINDINGS

In summary, the Tables below present the findings from each of the main sources of evidence used in this economic baseline.

Table 1: Baseline for key indicators					
Indicator	Cumbria	Northumbld	N Yorks	Devon	Pembroke
Numbers employed in land based activities (2011)	2,915	1,143	3,916	4,457	751
Total farm labour (2010)	11,281	4,824	16,560	18,577	NA
Number employed in tourism-related activities (2011)	32,709	14,607	32,892	41,802	7458
Numbers employed in food and drink industries (2011)	5,448	1,244	8,996	3,713	259
Number of enterprises in "agriculture, forestry and fishing" (2012)	4,565	1,830	5,985	7,360	1,410
Number of enterprises in "accommodation and food services" (2012)	2,355	960	2,450	2,820	670
Number/Rate of "births" of new enterprises (2011)	1,585 Rate=7.5	890 Rate=9.2	2,370 Rate=8.4	2,575 Rate=7.7	360 Rate=6.9
Number/Rate of "deaths" in existing enterprises (2011)	1,795 Rate=8.5	800 Rate=8.2	2,215 Rate=7.8	2,685 Rate=8.0	400 Rate=7.6
Level of GVA (£m) in "agriculture, forestry and fishing" (2010)	£164m	£120m	£385m	£304m	£54m (SW Wales)
Level of GVA (£m) in "accommodation and food services" (2010)	£457m	N/A	£697m (NUTS2 includes city of York)	£850m	N/A
Note: the rate of "births"/"deaths" of enterprises is a percentage, calculated as a proportion of the total stock of enterprises.					

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Table 2: Cumbrian Businesses that use Cumbria and Lake District Brands - Business Performance				
Theme	Measure	Definition	Baseline Survey result (2013)	Comparator - all survey respondents
Cumbrian Businesses that use Cumbria and Lake District Brands - Business Performance	GDF Impact	Percent of business that use Cumbria and Lake District brands that say publicity surrounding the possibility of hosting a GDF has had a <u>very negative</u> impact on sales	17%	15%
	Employment	Percent of business that use Cumbria and Lake District brands that reported a decrease in Employment compared with this time last year	17%	17%
	Sales	Percent of business that use Cumbria and Lake District brands that reported a decrease in Sales compared with this time last year	43%	40%
	Profit Margins	Percent of business that use Cumbria and Lake District brands that reported a decrease in Profit Margins compared with this time last year	55%	50%
	Investment	Percent of business that use Cumbria and Lake District brands that reported a decrease in Investment compared with this time last year	26%	23%
	Business confidence	Percent of business that use Cumbria and Lake District brands that reported a decrease in Business confidence compared with this time last year	45%	41%
	Customer/Visitor Numbers	Percent of business that use Cumbria and Lake District brands that reported a decrease in Customer/Visitor Numbers compared with this time last year	50%	44%

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Theme	Measure	Definition	Lake District	North York Moors NP	Northumberland NP	Dartmoor National Park	Exmoor National Park
Tourism: National Parks	Tourist numbers	Number of tourist visitors	15.22 m	5.58 m	1.37 m	2.28 m	1.33 m
	Tourism days	Number of tourist days	21.96 m	7.01 m	1.62 m	2.95 m	2.02 m
	Tourist spend	Tourism revenue	£934.87 m	£263.64 m	£66.14 m	£119.20 m	£92.99 m
	Employment	Tourism jobs (FTEs)	14,865	4,495	1,120	2,172	2,057

Theme	Measure	Definition	Cumbria	Pembrokeshire	Northumberland	Devon
Tourism: Counties	Tourist numbers	Number of tourist visitors	40.10 m	4.20 m	9.15 m	33.68 m
	Tourism days	Number of tourist days	52.74 m	13.79 m	14.01 m	53.48 m
	Tourist spend	Tourism revenue	£2,201.90 m	£544.00 m	£706.30 m	£2,527.71 m
	Employment	Tourism jobs (FTEs)	33,090	16,393	13,230	42,190

Theme	Measure	Definition	Cumbria - 2011	Cumbria - 2012	England - 2011	England - 2012
Tourism: Businesses	Occupancy	Serviced Accommodation Occupancy	55.90%	56.6%	66.0%	not avail yet
		Self Catering Accommodation Occupancy	53.40%	51.1%	N/A	N/A
		Caravan and Camping Occupancy	45.90%	42.0%	N/A	N/A

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Table 6: Tourism Business Performance					
Theme	Measure	Definition	Cumbria - Down	Cumbria - Up	Cumbria- No Change
Tourism: Businesses	Performance	Turnover	63%	17%	20%
		Profit	75%	11%	14%
		Visitor Numbers	68%	15%	17%
		Forward Bookings - 2013	50%	12%	37%