

Manchester City Council Report for Resolution

Report to: Economy Scrutiny Committee – 12 October 2016

Subject: Manchester's Visitor Economy

Report of: Marketing Manchester

Summary

Marketing Manchester has been asked to prepare a report giving Members an overview of the city's visitor economy. Sheona Southern, Managing Director of Marketing Manchester will be present at the committee meeting to answer any questions Members may have.

Some headlines from the report are as follows;

- The economic impact of tourism activity is significant. The value of the visitor economy to Greater Manchester is £7.5billion, attracting 115million visitors a year and supporting 91,963 FTE jobs. Over half of the economic impact is in the Manchester local authority area where the value of tourism activity is £4billion, attracting 61million visitors and supporting 48,097 FTE jobs. (Source: STEAM 2014 – latest available data).
- The sector has experienced continued investment in hotel development over recent years and increasing bed stock. Hotel occupancy levels in both the city centre and across Greater Manchester have kept up with supply and continued to grow, with record levels of 80% annual average achieved in 2015. However, future bed stock will continue to increase, so demand will also need to increase.
- Manchester continues to maintain its position as the second most visited city in England, for staying visits by GB residents (behind London) and the third most visited destination by international visitors (behind London and Edinburgh).
- The conference and business events sector is a key strength for Manchester and plays a major contribution to the economic impact. A study looking at business levels in 2013 identified the value of the sector across Greater Manchester as £823million but this figure had dropped slightly to £810million for 2015. Manchester district accounted for 69% of the value of the sector and 65% of the business.
- The most visited attractions in Manchester are the Museum of Science and Industry (678,867 visitors), Manchester Art Gallery (531,904 visitors), the National Football Museum (466,788 visitors), Manchester Museum (426,517 visitors) and Runway Visitor Park (368,300 visitors). The Lowry arts centre at MediaCity is the most visited attraction in Greater Manchester (866,733 visitors). No attractions from Greater Manchester feature in the Annual Attractions Survey Top 50 list (source: VisitEngland/BDRG) which is dominated by London attractions such as The British Museum (6.8million

visits), the National Gallery (5.9million visits) and St Pauls Cathedral (1.6million visits).

- Manchester Airport is the main gateway to the north of England with connections to over 200 destinations and passenger numbers of over 23million with a target to grow to 26m by 2020 making Manchester the principal gateway to the north of England. Although Manchester is the third most visited destination by international visitors after London and Edinburgh, Greater Manchester only receives 1.4million international visitors a year compared to London which receives 18million.
- The impact of Brexit is being monitored. Challenges include the reputational damage to Britain and the impact on international business visits and events. There are opportunities however due to the weak £ and Britain now being a better value destination.
- The sources of information used by visitors have changed significantly with a move to digital consumer demands. Our information provision across the whole visitor journey (pre- travel, airport, rail, bus and across GM) must meet the needs of digital visitors of the future.

Recommendations

To note the report.

Wards Affected: All

Contact Officers:

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Background documents (available for public inspection):

None

1. Marketing Manchester

Marketing Manchester is the agency charged with promoting Manchester on the national and international stage. As part of the Manchester Growth Company, Marketing Manchester undertakes marketing and communications on behalf of the group in support of the Greater Manchester Strategy. Visit Manchester is the tourist board for Greater Manchester (GM) and is part of Marketing Manchester. The Manchester Growth Company has been established to achieve a transformation of the Greater Manchester economy, delivering on the priorities set out in the Greater Manchester Strategy.

Visit Manchester is a membership organisation and currently has 380 members, mainly from hotels, attractions, bars, restaurants, retailers, conference venues and tourism suppliers. Marketing Manchester provides advice and guidance to its member businesses and stakeholders on the visitor economy and represents Manchester's interests through excellent working relationships with the national tourist boards, VisitBritain and VisitEngland and other relevant bodies such as The Tourism Alliance, The Core Cities tourism group, the British Hospitality Association and many others. It also works with other destination management organisations (DMOs) in its capacity as a gateway to the north.

Visit Manchester delivers activity including developing strategy and policy, tourism development, tourism data and intelligence, projects, marketing and communications, bidding for conferences and operating both a VLS (venue location service) and an ABS (accommodation booking service) for conferences. Visit Manchester also operates the Manchester Visitor Information Centre in Piccadilly Gardens on behalf of Manchester City Council. 60% of income comes from membership, sponsorship and selling marketing opportunities to businesses, with 15% of funding provided by GMCA and Manchester City Council, and 25% from Manchester Airports Group (MAG). Marketing Manchester has 60 staff and a turnover of £5.4m in 2015/16.

2. The Greater Manchester Strategy for the Visitor Economy 2014 -2020

Visit Manchester leads on the development and delivery of the 'Greater Manchester Strategy for the Visitor Economy 2014 – 2020'. The ambition is that, *'In 2020 the visitor economy will continue to be a key driver of the social, cultural and economic life of Greater Manchester, with substantially increased economic benefits for residents and businesses. This will be achieved by further developing and promoting the Greater Manchester product offer for leisure and business visitors, as a year round vibrant and stimulating cultural city destination'*.

The strategy has four strategic aims;

1. To position Manchester as a successful international destination
2. To further develop Manchester as a leading events destination
3. To improve the quality and appeal of the product offer
4. To maximise the capacity for growth

The strategy has a number of objectives and targets at a Greater Manchester level. Progress on delivery against the strategy targets is overseen by the Greater

Manchester Visitor Economy Forum with representation from Manchester City Council and AGMA. The latest performance against all targets is shown below.

Progress against Greater Manchester Targets

	2012 baseline	Current position	Target for 2020
To increase the number of staying visits from 10.3m to 13.7m.	10.3m	10.5m (2014)	13.7m
To increase the number of day visits from 95.2m to 127m	95.2m	104.5m (2014)	127m
To increase the number of overseas visits from 1.09m to 1.27m	1.09m	1.38m (2015)	1.27m
To increase the value of tourism from £6.6bn to £8.8bn	£6.6bn	£7.5bn (2014)	£8.8bn
To increase the number of jobs supported by tourism from 83,934 to 112,447 (FTE jobs)	83,934	92,000 (2014)	112,447
To improve the economic impact of business events in GM from £822m (2011 baseline) to £1.2bn	£822m (2011)	£810m (2015)	£1.2bn
To increase the number of ICCA* ranked events from 30 to 45	30	31 (2015)	45
To improve visitor satisfaction levels from 4.5/5 to 4.7/5	4.5 (2010)	4.5 (2014)	4.7

*ICCA is the International Congress and Convention Association

3. How is Manchester currently performing?

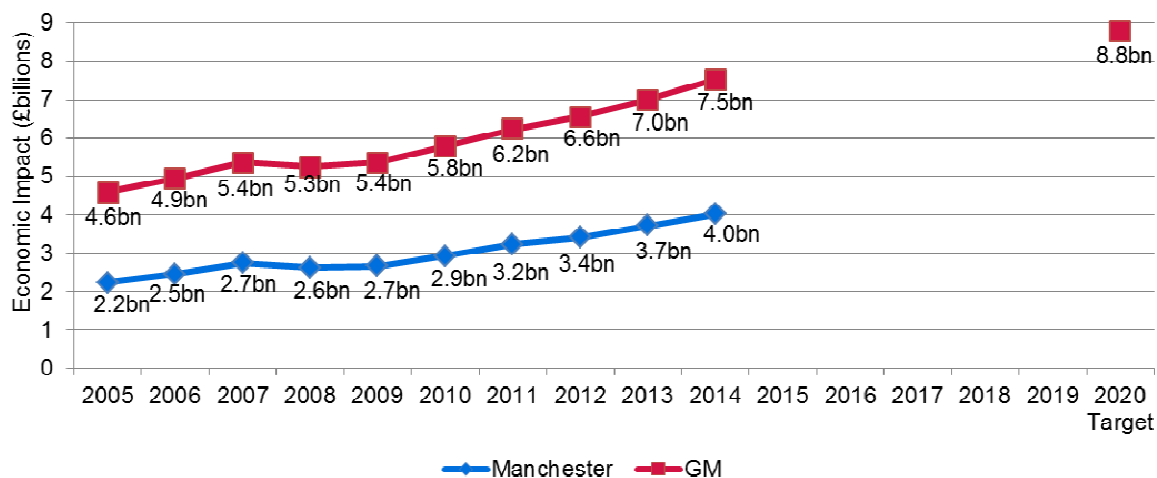
Visit Manchester monitors the performance of both business and leisure tourism activity.

Manchester is the second most visited city by UK visitors for staying visits by GB residents (behind London) and the third most visited destination by international visitors (behind London and Edinburgh).

The economic impact of tourism activity is significant. The value of the visitor economy has grown continuously since 2008, despite the economic recession, and grew by 64% from 2005 to 2014. The value to Greater Manchester is now £7.5billion, attracting 115million visitors a year and supporting 91,963 FTE jobs. Over half of the economic impact is in the Manchester local authority area where the value of tourism activity is £4billion, attracting 61million visitors and supporting 48,097 FTE jobs. (Source: STEAM 2014 – latest available data).

The graph below illustrates the growth of the visitor economy since 2005.

Growth in the Value of the Visitor Economy 2005 – 2014



Source: STEAM: Tourism Economic Activity Monitor

Of the 61million visitors who came to Manchester in 2014, 56.8million were day visitors and 4.22million were staying visitors. The International Passenger Survey figures show that there were 1.37million international visitors to Greater Manchester in 2015, of which 1.1million were visitors to Manchester.

At a Greater Manchester level, the international staying visitor market generates £583m (£583,011,638) from 1,378,506 visits (source: International Passenger Survey 2015; Office of National Statistics and supported by VisitBritain) with the accompanying breakdown below.

2015	Spend of visits to GM (from all international markets)	% of spend
Holiday	£121,164,358	21%
Business	£116,125,783	20%
Visiting Friends and Relatives	£166,069,244	28%
Study	£87,212,648	15%
Misc.	£92,439,605	16%
Total	£583,011,638	100%

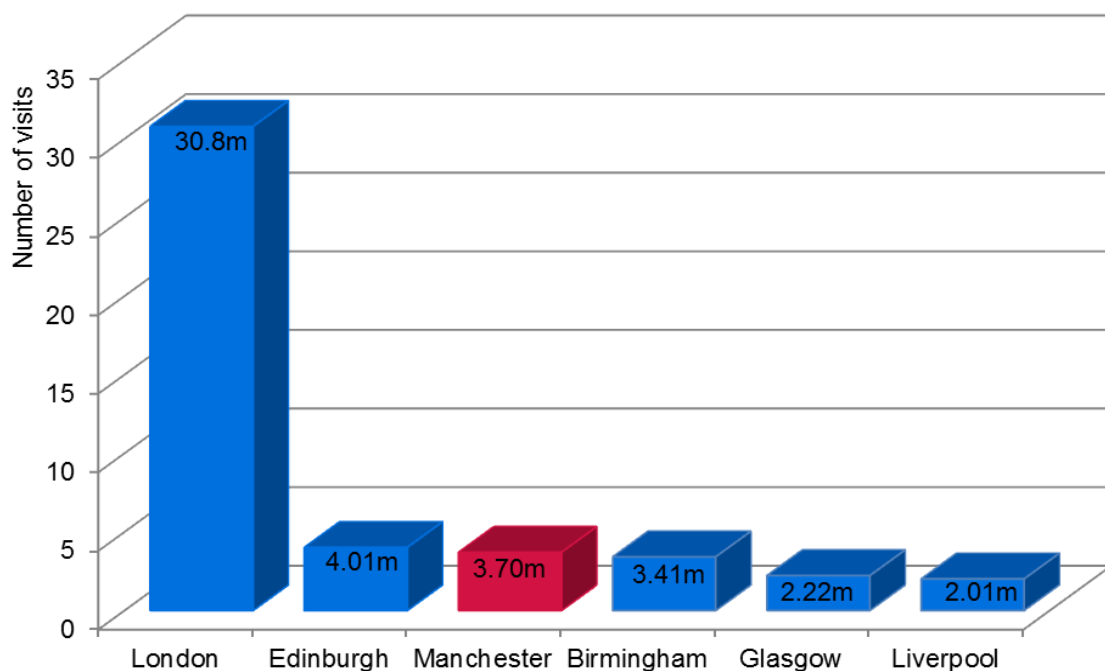
The table below shows the ten countries generating the most visits to Greater Manchester. An additional column then shows what spend these top ten countries generate.

Origin of International Holiday Visits 2015				
Position	Country	Number of visits	Market value	Average spend
1	Irish Republic	41,660	£ 9,673,466	£ 232
2	Germany	29,520	£ 5,849,129	£ 198
3	USA	26,680	£ 14,906,179	£ 559
4	France	21,820	£ 4,713,012	£ 216
5	China	16,280	£ 10,217,069	£ 628
6	Netherlands	13,670	£ 3,508,657	£ 257
7	Spain	12,090	£ 3,498,123	£ 289
8	Australia	9,890	£ 3,005,871	£ 304
9	Norway	8,470	£ 3,831,501	£ 452
10	Switzerland	7,960	£ 4,161,080	£ 523

The domestic staying visitor market generates £631m from 3,525,000 staying visits to Greater Manchester (source: Great Britain Tourism Survey 2015; VisitEngland)

The following table shows Manchester’s competitive position against other UK cities.

2015 Total Staying Visits



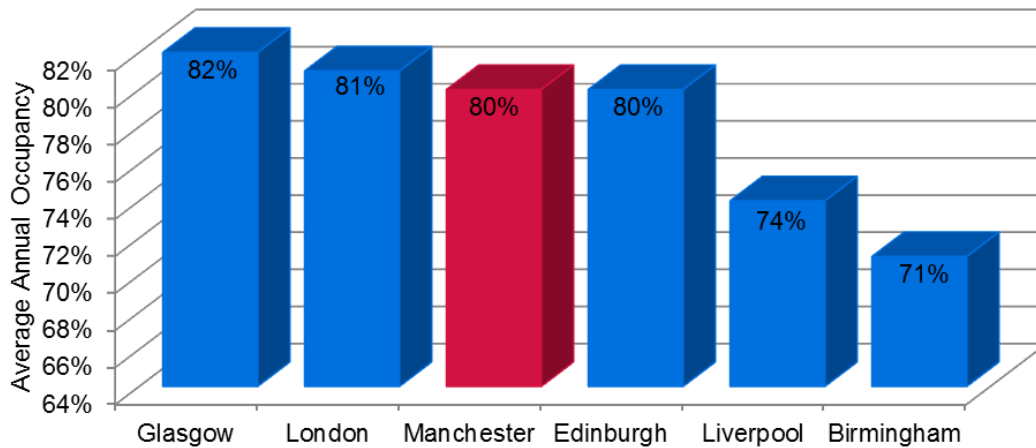
Source: Great Britain Tourism Survey (VisitEngland); International Passenger Survey (ONS/VB)

Note: London figures include visits to all 33 local authorities, whereas Manchester, Birmingham and London use the single local authority dataset.

Hotel occupancy levels are monitored on a monthly basis both for the city centre and across Greater Manchester. Occupancy levels have performed strongly at over 70% since 2010, with record levels of 80% annual average achieved in 2015. This is

despite continued investment in new hotels and an increasing bed stock. The table below shows Manchester's occupancy levels as compared to other UK cities.

Total Hotel Room Occupancy 2015



Source: London, Edinburgh, Birmingham, Glasgow & Liverpool sourced from BDO UK Trends December 2015 YTD.

Source: Manchester sourced from the 8000 rooms measured by STRG compared to the 4150 rooms by BDO.

The most visited attractions in Manchester are the Museum of Science and Industry (678,867 visitors), Manchester Art Gallery (531,904 visitors), the National Football Museum (466,788 visitors), Manchester Museum (426,517 visitors) and Runway Visitor Park (368,300 visitors). The Lowry arts centre at MediaCity is the most visited attraction in Greater Manchester (866,733 visitors). No attractions from Greater Manchester feature in the National Annual Attractions Survey Top 50 list (source: VisitEngland/BDRC) which is dominated by London attractions such as The British Museum (6.8million visits), the National Gallery (5.9million visits) and St Pauls Cathedral (1.6million visits).

However five of England's top 50 attractions are within a day visit excursion of Manchester: Chester Zoo (1.5million visits), Windermere Lake Cruises (1.4million visits), Tatton Park (875,000), Museum of Liverpool (747,263) and the National Railway Museum, York (733,618), together contributing over 5 million visits.*

There is a strong programme of cultural events, concerts and exhibitions, including the now established and internationally acclaimed Manchester International Festival which attracted 259,648 attendees in 2015, and attracted audiences from 40 different countries. Manchester Arena is one of the busiest music venues in the world and the largest indoor entertainment arena in Europe, attracting over a million visitors a year.

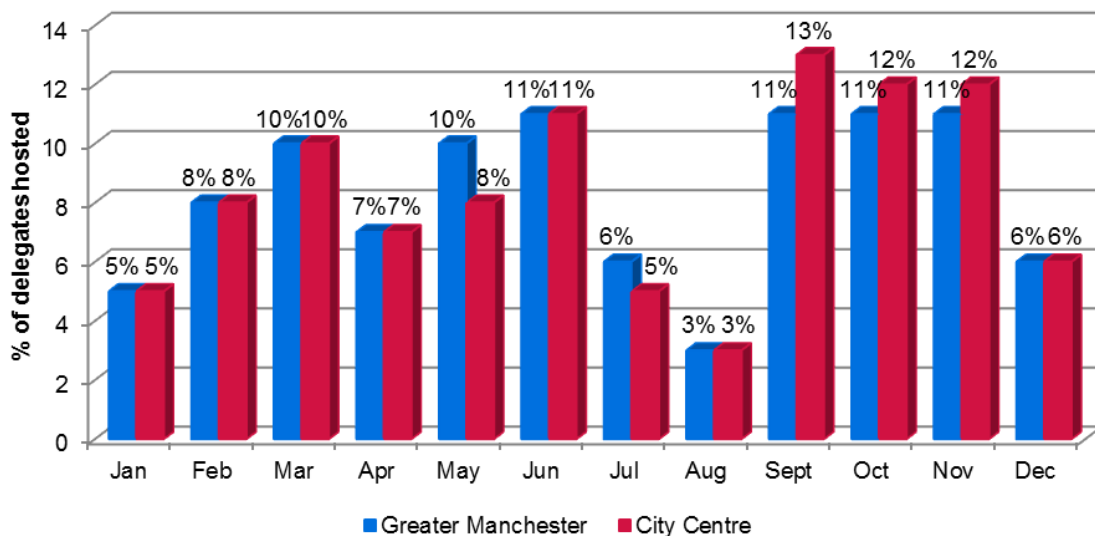
The city continues to drive significant visitor numbers and strengthen its identity through sport; through Premier League football and the brands of Manchester United and Manchester City; its facilities such as the National Cycling Centre, National Squash Centre and National Taekwondo-do Centre and through a regular programme of high profile sporting events such as the Manchester City Games and the recently announced Olympic parade.

Manchester also has key strengths in its retail and night time offer. Manchester Arndale is the UK's largest inner city shopping mall and Manchester's first city centre BID has helped improve welcome and footfall to the key retail area. The annual Christmas marketing campaign delivered by Marketing Manchester on behalf of partners (including Manchester City Council and CityCo) targets a local and regional audience of 12.7million people and generates over 500,000 page views on visitmanchester.com/Christmas and significant additional footfall and spend.

The conference and business events sector is a key strength for Manchester and plays a major contribution to the economic impact. A study commissioned in 2014 identified the value of the sector across Greater Manchester as £823million but this figure had dropped slightly to £810million when the study was repeated for 2015. Manchester district accounted for 69% of the value of the sector and 65% of the business. The city has a range of conference venues including Manchester Central, the universities, unique venues such as Gorton Monastery and hotels.

Business visits and events are not equally spread across the year and mainly tend to take place between March - June and September-November as illustrated by the graph below.

Business Visits and Events Seasonality Chart



The 2014 Greater Manchester Leisure Visitor survey identified that the majority of visitors, 58%, were on a day trip, the majority from the North West. 68% were socio-economic profile ABC1. 30% of visitors were on their first visit, 64% had visited in the last 2 years. Overseas visitors accounted for one in six visitors overall, Manchester city centre attracting the largest volume of overseas visitors. 42% stay overnight, 70% of visitors stayed in paid for accommodation, 30% with friends and relatives. Visitors identified particular strengths in the product offer of theatres, galleries, museums and shopping. 19% of staying visitors to the city centre also visit MediaCity UK/The Quays which is increasingly perceived as part of the city centre offer. Visitor ratings were high with 96% saying their visit had been good or excellent and 91% saying they would return within two years.

4. Investment in the visitor economy

Manchester has seen significant investment in its hotels, attractions, food and drink offer, conference venues, and transport infrastructure in recent years all of which have enabled growth in the visitor economy and an improved visitor experience.

There has been significant investment in both new and redeveloped attractions and cultural venues such as the Museum of Science and Industry, the People's History Museum, The Whitworth, Elizabeth Gaskell's house and HOME alongside a significant renovation of Central Library and Archive. A strong programme of cultural events, concerts and exhibitions, including the Manchester International Festival and concerts at Manchester Arena regularly attract large and new audiences.

The number of available hotel rooms in the city centre has grown to over 8,500 with the room count by the end of 2017 confirmed as 10,000 rooms. Looking ahead to the 2017-2020 pipeline, an additional 2,751 new hotel rooms are due to open. These additional rooms represent 137% more rooms than opened in the city during the 2013-2016 period.

Existing hotels and conference venues including Manchester Central which undertook a £30million redevelopment several years ago have also received significant investment.

Manchester city centre is the principal draw for both leisure and business visitors and has an increasing amount of distinct city centre neighbourhoods with new areas such as NOMA, The Medieval Quarter, First Street and St Johns all being improved and developed which offer a variety of visitor experiences and are important developments for visitors as well as local residents.

The food and drink offer continues to evolve and improve with high end dining venues such as The French and Manchester House now open and the Corn Exchange now focusing on being a food and drink venue.

Victoria Station has been completely redeveloped and extensions to the Metrolink now connect the city centre with the Airport and improve the ability of visitors to travel across the city region.

The airport has major plans to develop Airport City, which includes new hotels and will significantly improve visitor welcome and the visitor experience at the airport terminal. Since 2013 Manchester Airports Group has established new routes and increased capacity to a significant number of global destinations. Notably, it secured the new direct flight to Beijing which launched in June. The next twelve months will see new or increased capacity from Manchester Airport to over 30 global destinations including Boston, San Francisco and New York.

5. Priorities, Challenges and Opportunities

In order to achieve the targets identified in the Greater Manchester Visitor Economy Strategy, a series of priority actions have been identified and are detailed in the Destination Management Plan (DMP) or action plan for the city region. The actions

are grouped around the four strategic aims. The current DMP covers the period 2014 – 2017 and will be revised and updated for 2017 – 2020. The detail of progress against each of the actions is monitored on an annual basis.

Further details on three key areas of work for 2016/17 are given below.

(i) International Visitors

Manchester Airport is the main gateway to the north of England with connections to over 200 destinations and passenger numbers of over 23million with a target to grow to 26m by 2020.

The Marketing Manchester Internationalisation Strategy provides further context for activity to grow the volume and value of international visitors by positioning Manchester as ‘A global leisure and business visitor destination which is distinctive and competitive with our peer international cities.’ Marketing Manchester works with inward investment partners, the Department of International Trade and VisitBritain teams on cross-sector campaigns.

Opportunities include;

- Collaborating with the Northern Powerhouse cities to enhance demand evidence to strengthen Manchester Airport’s route development strategy.
- Developing Marketing Manchester’s role as the gateway destination marketing organisation and working with partners across the north to grow the international visitor economy.
- Capitalising on the development of Factory Manchester to develop international audiences.
- Exploring the potential for a new public/ private partnership to attract more, high value international events into the region and position Manchester to bid for the World Expo and fund pilot events aimed at international audiences.
- Working with the private sector to create a commercial solution to deliver campaigns, tours and visits within GM and across the North West for international visitors with Manchester as the hub for staying visitors.
- Partnerships with Manchester Airports Group (MAG), airlines, VisitBritain and other international partners, to collectively promote Manchester.

A significant barrier to growing the international leisure tourism market is the lack of bookable and commissionable product for the travel trade that is essential in particular to attract the short stay market. For example, Manchester does not have a regular hop on/hop off city sightseeing bus that links attractions, there is no visitor or transport pass to add value to packaged products and there are no buyer-ready programmes for conference organisers to encourage conference delegates to extend their stay. There is also scope to develop Manchester as a base for excursions to other parts of the north such as Chester, The Lake District, the Peak District and Liverpool.

Marketing Manchester has recently secured £250k from the VisitEngland Discover England Fund to start to look at activity to progress this. The same amount of funding has also been secured to work more closely with London and Partners to make it easier for international visitors to travel out of London by looking at developing packages with rail operators and hotels and through investigating the possibility of open jaw routes i.e. visitors being able to fly into London and out of Manchester, with a joined-up hotel and transport offer.

Marketing Manchester works closely with Manchester Airport and each year a programme of international marketing activity is jointly agreed. In 2016/17, the key focus for proactive international campaigns is China, USA and the Gulf countries. Marketing Manchester and Manchester Airport jointly fund in-market roles in New York and Beijing.

Marketing Manchester has undertaken significant work with MAG and other partners to support the new direct route which launched in June from Beijing to Manchester. The Director of Tourism Chairs the China Visitor Economy Forum which meets quarterly and is open to any business that is keen to attract and welcome Chinese visitors. 'China Welcome' training is offered to tourism businesses provided by an accredited trainer and businesses are being encouraged to sign up to VisitBritain's 'China Welcome' charter.

Marketing Manchester played a leading role in delivering the £7.5m government funded Northern Tourism Growth Fund in 2015/16 which enabled significant additional marketing activity to be delivered in key markets and strengthened partnership working with other destination management organisations across the north of England. A priority is to continue to build on this activity by securing new funding through the Discover England and GREAT Funds that are currently available as mentioned above. A longer-term, formal partnership with VisitBritain has been agreed and two-year deals have been secured with Virgin Atlantic and Hainan Airlines.

The impact of Brexit is being monitored with one of the main concerns highlighted in survey feedback from consumers being the quality of the welcome that international visitors will now receive in Britain. A survey of Marketing Manchester members immediately after the announcement showed that 48% of businesses expected a negative impact, citing increased costs and problems with recruiting staff as the main issues. However 20% expected a neutral impact and 28% were unsure. A number of international conferences were quickly identified as being at risk. Marketing Manchester is working very closely with the organisations involved to give reassurance that Greater Manchester is still open for business. There are some opportunities resulting from Brexit, the main one being that a weaker £ will make visits better value for international visitors. Work is being undertaken, including funding bids to VisitBritain to capitalise on this.

(ii) Business visits and events

Manchester's current subvention fund for conferences will cease in March 2020. In order to continue to remain competitive and attractive to potential conferences, Marketing Manchester and the Manchester Hotelier's Association have begun work

on a new approach to support conference organisers which moves away from financial intervention.

The proposals being looked at are based on the findings of a recent study into global subvention practices produced by the Business Visits and Events Partnership (BVEP). The development of this piece of work will be based on what conference and event organisers have said are particularly important to them when choosing a destination to host their event. Research is also being undertaken looking at a sample of Manchester's competitor destinations to see what they are offering to encourage conferences to their destinations.

One of VisitBritain's (VB) priorities is to grow the business visits and events sector to drive more targeted international business into the UK. VB has recently launched the Event Support Programme which is a fund into which destinations and conference organisers can apply to help secure international conference business into the UK. Manchester is working closely with event organisers to apply for funding to both attract international business events and to increase the economic value of secured events.

Marketing Manchester's Business Tourism Team continues to support a Conference Ambassador Programme which offers the partnerships and support necessary to inspire and enable individuals to host prestigious national and international conferences in Manchester. Ambassador-led conferences generate substantial economic impact for the city and raise the profile of Manchester's institutions and research areas, particularly focused on the city's core sector strengths (Life Sciences, Creative & Digital, Advanced Manufacturing, Financial & Professional Services, Low Carbon).

(iii) Visitor information

Marketing Manchester is currently leading the development of a new Visitor Information Strategy working with key partners including Manchester City Council, AGMA, TfGM and Manchester Airport. The sources of information used by visitors have changed in recent years and there is a need to establish a transformational strategy and action plan for a revised, sustainable and innovative model for visitor information provision.

A draft Visitor Information Strategy has been prepared which focuses on the three key areas of visitor welcome, way finding and mobile and digital provision.

Manchester has a number of strengths in its current provision such as www.visitmanchester.com, the service provided by the Manchester City Council funded Visitor Information Centre in Piccadilly Gardens and the Welcome people in the BID area and the availability of free Wi-Fi. However there are a number of challenges which the strategy will address including wayfinding and orientation and presenting a joined up approach for visitor information across all partners and channels.

www.visitmanchester.com is currently undergoing a major upgrade, the first for over five years, which will be re-launched next year and which will provide an opportunity

to significantly improve current digital provision. The site will also incorporate invest, business and study sections to offer a holistic destination promotion. Social media usage has increased exponentially since 2010 and 'mobile first' has also emerged as a strong trend, both trends will be reviewed and recommendations made for improving activity

Manchester Visitor Information Centre (MVIC) has recently been relocated within its Piccadilly Gardens location to a smaller and cost free unit provided by TfGM who have a lease on the unit until October 2018. Funding for MVIC is only currently confirmed until March 2017 but with the expectation that funding will be provided at the current reduced level in 2017/18. The future of the MVIC service and ways in which service delivery could be delivered differently going forward will be considered and shared with the City Council.

A particular weakness is way finding in the city centre where there is a real need for a new pedestrian signage scheme. TfGM are leading on developing a city centre way finding pilot which is due to be delivered in 2017 and on which there will be consultation later in the year.

7. Key Issues

- A need for continued, high profile marketing and PR campaigns, always on and all year round to maintain Manchester's profile
- Continued investment to keep up with competitor destinations (events are a proven mechanism of achieving both media coverage for the destination and attracting visitors)
- Development of Manchester's role as a Gateway to the North
- Wayfinding and information provision
- Welcome, specifically in light of Brexit
- Securing more private sector financial support for activities that generate business.