Deep Dive: 09 Hospitality, Tourism and Sport

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GMCA

new economy

Contents

Executive Summary

Context

- The Hospitality, Tourism and Sport sector is broad, encompassing hotels, restaurants, bars, conference and exhibition centres, libraries, museums, entertainment activities, travel agency services, gambling and betting, sports, amusement and recreation. The sector serves both a visitor market, incorporating both international and domestic business and leisure visitors, as well as a local market of residents who enjoy the leisure activities and attractions that Greater Manchester (GM) has to offer.
- Manchester is England's most visited destination by overseas visitors after London and it ranks third among UK cities for hotels, with an annual average occupancy rate of 80%. GM has the largest museum sector and the highest concentration of producing theatres outside London, and continues to build on its international reputation for sporting events and live music. GM has a strong conference and business events sector, which is currently worth £823m. Manchester Central, along with other conference venues, has boosted GM's appeal for both business and leisure tourism.
- While the visitor economy is more concentrated in the regional centre, GM has a significant Hospitality sector which provides employment opportunities across the conurbation, and fulfils an important role in creating an attractive place to live and work. Additionally, the sector provides an important part of the supply chain in other sectors, such as retail and transport, which benefit from rising visitor spend.
- Over the past ten years GM has seen significant growth in the Hospitality, Tourism and Sport sector, so that it now provides 99,100 jobs, 8.2% of total employment. Food and beverage service activities, makes up 60% of employment in the sector (60,100 jobs) followed by employment within the sports activities, amusement and recreation activities (14,900 jobs) and the accommodation subsector (12,200 people).
- The Hospitality, Tourism and Sport sector generates a core Gross Value Added (GVA) of £2.1bn. This is modest given the size of the employment base, though this is reflected in low wages in many parts of the industry. GVA per person employed is low relative to other sectors at £21,000, although it is marginally higher than the UK average for the sector.

The Growth Opportunity

- A growing population, increasing employment and rising household incomes are expected to result in increased expenditure in the conurbation's leisure economy. Employment in Hospitality, Tourism and Sport is expected to increase markedly in the next twenty years.
- The baseline forecast for GM suggests a net increase of 20,300 employees from 2015 to 2035. The central Accelerated Growth Scenario (AGS-2015) developed for GM suggests the number of net new jobs could be as high as 25,600, and forecasts GVA growth of 2.6%pa which could contribute to additional GVA of £1.7bn in GM's economy by 2035.

- GM's growing hotel and serviced accommodation base is particularly dependent on the visitor economy, and typically benefits from business visitors from Monday to Thursday, and leisure visitors during both the week and weekend, including significant demand from visitors to football matches. Rising numbers of international visitors, in particular from China and Asia, will continue to present further opportunities for growth and rising demand for new accommodation.
- Shifting consumer behaviours, such as older people spending more time travelling, and individuals looking for new experiences, will open up further opportunities for many cities, including those away from more traditional tourist hot-spots. New media platforms, travel comparator sites and promotional opportunities through social media will also allow companies in the conurbation to more effectively market their services and attractions nationally and internationally to a range of new visitors at much lower cost.
- The business and conference market, which is already an important component of the tourism sector in the conurbation, is forecast to grow considerably. However, this market will become more competitive in the UK as new purpose built conference centres come on to the market, many of these supported by the public sector.
- Improved connectivity by road, rail and air will continue to make it easier for visitors to undertake day trips and short stay breaks, while new long haul connections to Africa, Asia and China will increase business and leisure visitors from many countries.
- The developments at Manchester Airport are a key opportunity for the sector in terms of the Airport being a northern gateway to the conurbation for international visitors.

Key Challenges

- With rising global competition for both business and leisure visitors, the key challenges for GM are: to continue to strengthen the overall visitor offer including continuing to develop the depth and variety of the cultural offer; to persuade people to visit locations across the conurbation; to spend more; and to stay longer by changing a typical one-to-two day stay to a three-to-four day stay, or longer.
- The conurbation has already benefited from significant investment in its leading cultural assets over a number of years and Factory Manchester adds another major venue of national and international significance. However, there is a major challenge over the next 20 years to continue to secure new investment in the light of increasing competition from other cities, and a tendency for major cultural investment to be focused on London.
- Major events, promotional and subvention budgets have been used to attract visitors, business and leisure to the conurbation. Many cities, often capital cities, receive substantial Government support to attract international conferences. It will be a challenge for GM to compete effectively and provide the level of promotion and subvention support to match the budgets available to many capital cities.
- While GM is well known for sport and live music, there is a further challenge in broadening visitors' perceptions in areas such as heritage and outdoor activities – where attractions

are less well known. New developments, such as the RHS Fifth Garden, will help open up new opportunities to raise GM's profile.

- A final challenge is attracting people to work and remain in the industry. The sector suffers from high levels of staff turnover, and an ageing workforce poses risks to people leaving due to retirement. Increasingly, employers are recruiting internationally for experienced staff and this may not be sustainable in the long term. Potential labour shortages could also be exacerbated by rising demand for ICT skills across the industry, putting pressure on HR budgets that are already stretched through the large amount of money already spent by the sector on the induction and training of new staff.

Spatial Considerations

- The high concentration of businesses and employment in Manchester city centre, Salford Quays and Media City, and Trafford correlates with the significance of visitor activity and attractions present in these districts and this trend is expected to continue, in particular within the accommodation subsector. This is already evidenced by a number of new confirmed hotel openings from 2015/16 onwards, new cultural attractions, and GM's restaurant offer continuing to go from strength to strength. However, rising disposable incomes, and forecast levels of growth in GM's economy, means there will continue to be significant additional Hospitality, Tourism and Sport employment opportunities across the conurbation. Here, GM's town centres are key employment sites. They remain a priority for districts and have an important role in place-making, providing vital functions for local communities in terms of employment and retail and also more broadly as a focus for social activity/leisure and for services. Collectively marketing the unique features of each town centre will attract both visitors and local residents to them.

1 Introduction

1.1 This report is one of a series of sector 'Deep Dive' reports. It was commissioned by the Greater Manchester Combined Authority (GMCA) as part of Greater Manchester's economic evidence base, and in particular, to inform the development of the Greater Manchester Spatial Framework (GMSF). The report is part of a wide ranging analysis of the economic issues and opportunities across GM. The evidence is at a greater degree of granularity than has ever been done before for any industry sector in GM.

1.2 The deep dive research comprises the following reports:

- **Part 1: Research summary:** Providing an overview of the key issues affecting productivity and participation in GM, including demographic structures and labour market profiles. It also includes an assessment of the key factors that are expected to drive economic change in the global, UK and GM economies in the coming decades. It summarises the key findings from each of the sector chapters
- **Part 2: Sector deep dive reports:** Covering the following key sectors: Manufacturing; Business, Finance and Professional Services; Digital & Creative; Health/Social Care and Health Innovation; Low Carbon and Environmental Goods and Services; Logistics; Retail and Wholesale Distribution; Hospitality, Tourism and Sport; and Construction.

1.3 For each sector, the analysis covers:

- Current make-up of the sector, covering the size, scale and relative importance to GM and geographic footprint, not constrained to administrative boundaries[1];
- Recent growth rates and growth potential (using forecasts by Oxford Economics);
- The location of critical assets and institutions across GM;
- Market opportunities and threats for the sector, including long-term trends which will shape the future scale, needs and location of the sector; and
- Spatial implications of accelerated levels of growth in the sector.

1.4 The Deep Dive research has been produced by New Economy, with Deloitte supporting at the scoping stage and Ekosgen reviewing the outputs and providing independent quality assurance. The work has been developed drawing on input from both the public and the private sectors. Workshops have been held with Chief Executives and local authority officers in each GM district to check and challenge the evidence presented; to assess how it fits with local plans and to draw out the GM wide implications of the research. Consultation has also been undertaken with experts from a wide range of public and private partners including the Manchester Growth Company, GM's universities, TfGM, GM Chamber, pro-Manchester, Manchester Airport, NHS North West and LEP and Business Leadership Council members to provide further input and challenge to the evidence presented. The work also draws upon and feeds into the findings of the Northern Powerhouse Independent Economic Review.

[1] The data provided in the sector deep dive series of reports is used to support the understanding of the major trends within the sector and to set the context of the sector against the wider economy and UK.

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2 Definitions

2.1 The Hospitality, Tourism and Sport sector definition has been developed using the SIC codes below. The sector is broad, encompassing hotels, restaurants and bars, conference and exhibition centres, libraries, museums, entertainment, travel agency services, and gambling and betting activities. It also includes sports activities and amusement and recreation activities.[2]

2.2 While often grouped together as a single industry, the Hospitality, Tourism and Sport industries should be viewed as individual, though overlapping subsectors.

2.3 The Hospitality subsector covers “the provision of accommodation, meals and drinks in venues outside of the home. These services are provided to both UK residents and overseas visitors.”

2.4 The Tourism industry can be defined as “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and purposes other than being employed in the place visited”[3].

2.5 The Sport subsector covers all sports activities, venues and leisure recreation activities.

2.6 The official list of SIC codes and accompanying descriptions is below:

SIC Code(s)	Description
55	Accommodation
56	Food and beverage service activities
79	Travel agency, tour operator and other reservation service and related activities
91	Libraries, archives, museums and other cultural activities
92	Gambling and betting activities
93	Sports activities and amusement and recreation activities

[2] Some conferencing activities fall under real estate activities and this overlap means that not all of this activity is captured by the SIC codes listed

[3] United Nations, cited in Oxford Economics 2015, The economic contribution of the UK Hospitality industry

3 Significance

3.1 The Hospitality, Tourism and Sport sector is one of the UK's key sectors. The sector is a major employer supporting 2.7m jobs in the UK.[4] Deloitte suggests that for every £1 of GVA generated in Hospitality and Tourism, supply-chain and knock-on spend factors mean that a further £1.80 is also produced for the UK economy.[5] At a GM level, the sector is significant, employing 99,100 people and generating GVA of £2.1bn in 2013.

3.2 The sector serves both a visitor market (incorporating both business and leisure visitors) and a local market (residents who enjoy the leisure activities and attractions that the conurbation has to offer). As well as attracting visitors to the conurbation, the sector has a significant role to play in attracting people to live in the area, particularly high value-added consumers.

3.3 While it is difficult to quantify the size of domestic population spend in the Hospitality, Tourism and Sport sector, it is estimated that households in GM spend £145m per week on recreation and leisure activities.[6] This demonstrates the significant contribution the domestic population makes to the sector in GM. GM's population is forecast to grow further over the coming years and this will contribute to the growth of the sector.

3.4 GM's Hospitality, Tourism and Sport sector is also particularly boosted by activity in the visitor economy, which has grown significantly in recent years. In 2005 the GM visitor economy generated £4.6bn by 2014 this had risen to £7.5bn.[7,8]

3.5 Manchester is the third most visited city in the UK by international visitors, behind London and Edinburgh. There were 994,000 international visitors to Manchester in 2014 and 1.15m to GM. While this is significantly less than London (17.4m) and lower than Edinburgh (1.6m) it is higher than Birmingham (944,000) and Glasgow (624,000), growing by 21% since 2005.[9]

3.6 Manchester attracts the second highest number of staying visits in England from Great British residents with a yearly average of 2.7m visitors from 2012 to 2014, and 3.7m visiting GM as a whole.[10]

3.7 GM has an annual average hotel occupancy rate of 80%, the same as that for the city of Manchester. Occupancy rates are the highest since records began (2000)[11] and the supply of bedrooms is set to continue to grow. The 8,600 available rooms in the city

[4] ONS (2013): Business Register and Employment Survey

[5] Deloitte (2013): Tourism: Jobs and Growth. The Economic Contribution of the Tourism Economy in the UK

[6] Data from the ONS on family spending shows that the average UK household spends £124 per week on recreation and leisure related activities. Applying the £124 average to the 1.17m households in GM (and 25%-50% leakage to reflect that not all of this spend will occur in GM) then it is estimated that households in GM spend £145m per week on recreation and leisure activities.

[7] STEAM (2014): The Scarborough Tourism Economic Activity Monitor for 2005 and 2014

[8] Visitor spend and impact are different to GVA. Figures for spend also include retail and transport

[9] ONS (2014): International Passenger Survey for 2014 supported by VisitBritain

[10] VisitEngland (2014): Great Britain Tourism Survey

[11] 2010-2015; STR Global Ltd; August 2003-2009; LJ Forecaster;
2000-August 2003; Marketing Manchester

centre, extending to a total of 21,200 in GM are expected to exceed 10,300 for the city centre and 24,500 for GM by the end of 2018.[12,13]

3.8 Several hotels and serviced apartments have publicly confirmed they will enter the market from 2016, including Holiday Inn Manchester City Centre, easyHotel Manchester, Crowne Plaza Hotel-Alliance MBS, and Holiday Inn Express in both Stockport and Wigan.

3.9 The number of staying visits (including visiting friends and relatives) to GM has increased by 14% since 2005, from 9.2m in 2005 to 10.5m in 2014, which has been supported by stays in paid-for accommodation that has seen a 17% increase during the same period. Research suggests that if each domestic staying visit generated an extra night's stay then the additional expenditure could be worth an additional £312m to GM's economy each year.[14]

3.10 In terms of the leisure offer, which serves both the visitor and local market, GM boasts one of the largest museum sectors and the highest concentration of producing theatres outside London. GM also has an international reputation for music, with a range of independent music venues and the Manchester Arena, which hosts a range of music and sporting events. Manchester also has two globally-recognised football clubs in Manchester United and Manchester City, and numerous other football league clubs.

3.11 Events such as the Manchester International Festival and facilities such as Manchester Central (Convention Centre), as well as assets such as Trafford Quays Leisure Village, have boosted GM's appeal for both business and leisure tourism, while completed developments and refurbishments such as HOME, the Whitworth Art Gallery and Central Library, and the planned cultural hub of The Factory will further enhance the area's public profile.

3.12 Alongside key visitor attractions in the centre of Manchester, including The Museum of Science and Industry, Manchester Art Gallery and the National Football Museum, other significant visitor attractions across GM include: The Lowry (Salford), Sea Life Centre and Legoland (Trafford), the Bolton Museum Aquarium and Archive, East Lancs Railway and Bury Transport Museum. A full list of GM's top ten visitor attractions is shown below:

[12] This includes those with named operators and there is expected to be additional rooms from the regenerated sites where operators were not confirmed at the time of publication
[13] Source: Unpublished Data compiled by Marketing Manchester
[14] Great Britain Tourism Survey, VisitEngland and International Passenger Survey, VisitBritain

Figure 1: Top visitor attractions in GM in 2014

Attraction	District	Admittance	Visitors 2014
The Lowry	Salford	Free	866,773
Museum of Science and Industry	Manchester	Free*	678,867
Manchester Art Gallery	Manchester	Free	531,904
National Football Museum	Manchester	Free*	466,788
Manchester Museum	Manchester	Free	426,517
IWM North	Trafford	Free	409,746
Runway Visitor Park	Manchester	Free*	368,300
The Corrie Tour	Manchester	Paid Entry	363,687
Bolton Museum, Aquarium & Archive	Bolton	Free	361,909
Manchester United Museum & Tour Centre	Trafford	Paid Entry	356,476

Source: Data compiled by Marketing Manchester using use Visit England's definition of a visitor attraction; "A permanently established place of interest that can be natural or man-made and of cultural, historical or educational significance, providing entertainment, amusement or adventure for visitors, as well as local residents". Where an attraction could be considered as a multi-purpose venue, they are eligible in the Greater Manchester listing if they are recognised by VAQAS (VisitEngland's Visitor Accreditation Quality Assurance Scheme). There are other Hospitality, Tourism and Sport assets not listed but which are detailed in Section 6 of this report.

3.13 GM is also home to over 500 sq miles of countryside, and benefits from a unique location bordering the Peak District. Rural assets, which are largely utilized by local residents, include: Smithills Hall, Healey Dell Nature Reserve and Rivington Pike (Bolton), Holcombe/Peel Tower/Ramsbottom (Bury), Heaton Park (Manchester), Saddleworth Moor and Dovestones (Oldham), Littleborough (Rochdale), Lyme Park (Stockport), Dunham Massey (Trafford), Haigh Country Park, and Pennington Flash (Wigan). Rural tourism also makes an important contribution to GM's economy and was estimated to be worth more than £120m to the conurbation in 2008.[15]

3.14 GM has strengths in hosting conference and business events, currently estimated to be worth over £823m, up from £573m in 2009[16]. Investments such as the £30m refurbishment of Manchester Central, and other venues such as Manchester Conference Centre, and academic and sporting conference facilities, have supported the city to grow its conference business base, becoming a leading choice for hosting international conferences such as the European Science Open Forum 2016.

3.15 Sport is a significant element of GM's Hospitality, Tourism and Sport sector. It is estimated football alone contributes £330m per annum to GM's economy and supports 5,000 full time equivalent jobs.[17] Since hosting the Commonwealth Games in 2002 the city-region has continued to strengthen its identity through sport, including hosting Olympic football matches in 2012.

3.16 The continued success and profile of Manchester United and Manchester City in the Premier and Champions leagues; the hosting of Rugby League events such as Rugby League World Cup final and the Super League Grand Final and the success of Wigan, Leigh and Salford Rugby League teams; the opening of the National Football Museum in 2012; the Ashes returning to Emirates Old Trafford in 2013; and a regular programme

[15] Manchester Enterprises (2008): GM Rural Baseline Study
[16] Marketing Manchester (2014): Conference Value and Volume Study
[17] Cambridge Econometrics (2013): Analysing the value of football to GM

of high profile sporting events such as NBA Basketball and the Great City Games all reinforce GM’s reputation for hosting international sports events. Facilities such as the National Cycling Centre at Manchester Velodrome, the Manchester Aquatics Centre and regional gymnastics and tennis centres also attract visitors to GM.

3.17 Manchester Airport, the UK’s third largest airport (over 23m passengers), behind London Heathrow (73m passengers) and London Gatwick (38m passengers), is critical to the growth of the Hospitality, Tourism and Sport sector in GM. It provides access to new markets alongside increasing numbers of routes to both mature and developing markets.

3.18 In addition, Manchester Airport recently unveiled a ten-year transformation plan, which sets out how £1bn of investment will transform the Airport by expanding Terminal 2 and improving Terminal 3. Two runways operate at Manchester Airport, and whereas the major London airports are reporting being close to capacity on the number of airline services they can operate, at Manchester there is a significant level of increased capacity available, offering the opportunity to maximise its potential.

4 Business and Employment

Hospitality, Tourism and Sport

4.1 In 2013, GM's Hospitality, Tourism and Sport sector generated £2.1bn GVA, almost 38% of the North West total (£5.6bn) and 3.4% of the sector's GVA output in the UK.

Figure 2: Hospitality, Tourism and Sport key sector statistics [18]

Hospitality, Tourism & Sport (All Subsectors):		GVA	Employment	Businesses
GM	Level 2013 (businesses 2014)	£2.1bn	99,100	8,150
	Change (% per annum, 2010 to 2013/14)	-0.9%	0.1%	0.8%
GB/ UK	Level 2013 (businesses 2014)	£58bn	2,693,000	226,390
	Change (% per annum, 2010 to 2013/14)	2.4%	2.1%	0.3%

Source: GM Forecasting Model, Inter-departmental Business Register and Business Register & Employment Survey. Latest data 2013 for employment and GVA, and 2014 for businesses

Figure 3: GVA per person employed in Hospitality, Tourism and Sport, 2013

	GM	UK
Sport	£19,000	£20,100
Tourism and culture	£21,400	£22,600
TOTAL HOSPITALITY	**£21,000**	**£22,200**

Source: GMFM. Please note employment figures in GMFM may differ from Business Register & Employment Survey figures used elsewhere in this report

Figure 4: Hospitality, Tourism and Sport, key metrics

	Businesses		Employment		Comment
	2014	Change 2010-2014	2013	Change 2010-2013	
Total	**8,150**	**255**	**99,100**	**+300**	-

Source: Inter-Departmental Business Register, and ONS Business Register & Employment Survey

Figure 5: Hospitality, Tourism and Sport employment by business size-band, 2014

	Business Size Band by number of employees				Comments
Employees	Micro (0 to 9)	Small (10 to 49)	Medium (50 to 249)	Large (250+)	
Accommodation	38.8%	35.8%	23.9%	1.5%	Larger proportion of SME businesses than average for the sector.
Food and beverage service activities	71.6%	26.0%	2.3%	0.2%	In line with the sector average, predominantly micro and small businesses.
Travel agency, tour operator and other reservation service and related activities	81.3%	13.8%	5.0%	0.0%	Majority of businesses are micro, below average proportion of SMEs but above average proportion medium-sized.
Libraries, archives, museums and other cultural activities	75.9%	20.7%	3.4%	0.0%	Three quarters of sector micro, below average proportion of SME/Large firms.
Gambling and betting activities	91.8%	6.4%	1.8%	0.0%	Very high proportion of micro businesses.
Sports activities and amusement and recreation activities	67.4%	27.5%	4.6%	0.5%	Below average proportion of micro businesses, higher proportions of SMEs, medium and large employers.
TOTAL	**71.6%**	**24.5%**	**3.7%**	**0.2%**	**Micro sized firms make up the majority of the sector, along with a smaller % of SMEs.**

Source: Inter-Departmental Business Register (Data may not sum due to rounding)

[18] Latest data 2013 for employment and GVA, and 2014 for the number of businesses

4.2 Total GVA from the sector in GM has remained static since 2010, compared to a rise, on average, across the UK which grew by 2.4%pa over the same period. Productivity in GM stands at £21,000 per employee, 5.7% behind the UK average of £22,200.

4.3 There are 8,150 Hospitality, Tourism and Sport sector businesses in GM, comprising 33.3% of the North West total in the sector and accounting for 3.5% of the UK total.[19] Of the 8,150 Hospitality, Tourism and Sport businesses in GM, 5,100 (71.6%) are microbusinesses employing fewer than ten people, and a further 1,700 (24.5%) have between 10 and 49 employees.

4.4 The sector's location quotient – a measure of employment concentration within the local economy compared with the national average – suggests Hospitality, Tourism and Sport sector employment is, overall, slightly lower than the national average. However, data for subsectors highlights that GM has a higher concentration than the national average in Travel Agency, Tour Operator and Other Reservation Services and Related Activities (1.28).

4.5 The location quotients for the accommodation (0.67), and libraries, archives museums and other cultural activities subsectors (0.67) suggest that despite GM's strength in these subsectors there is still considerable scope for expanding employment in parts of the sector.

Figure 6: Location Quotient of Hospitality and Tourism

SIC	Description	LQ	Employment
55	Accommodation	0.67	12,200
56	Food and beverage service activities	0.91	60,100
79	Travel agency, tour operator and other reservation services	1.28	5,200
91	Libraries, archives, museums and other cultural activities	0.67	1,800
92	Gambling and betting activities	1.11	4,800
93	Sports activities and amusement and recreation activities	0.82	14,900
All	**All areas**	**0.86**	**99,000**

Source: Business Register & Employment Survey (Data may not sum sue to rounding)

[19] ONS Business Register & Employment Survey

Figure 7: Hospitality, Tourism and Sport Business Units – Level in 2014

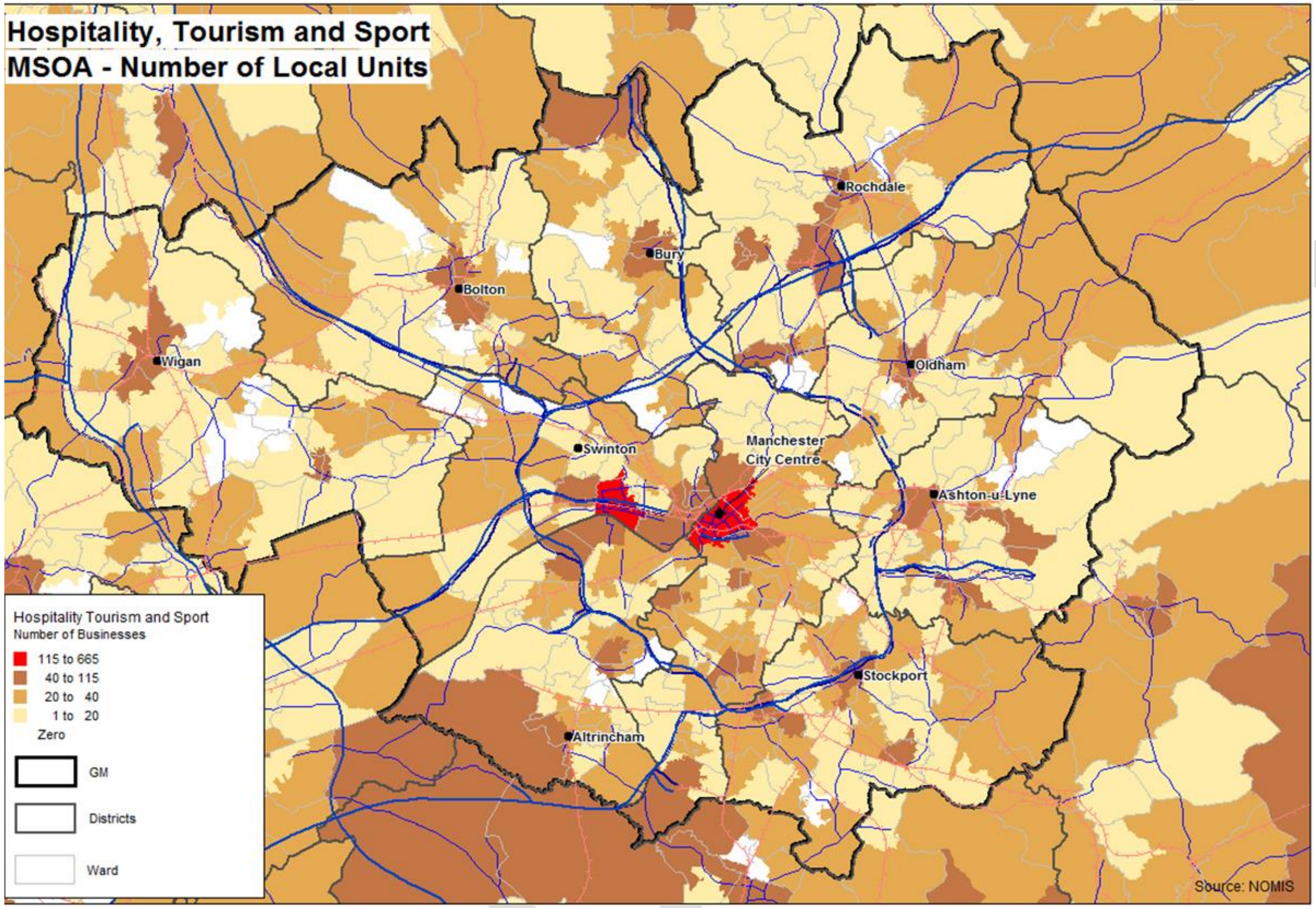
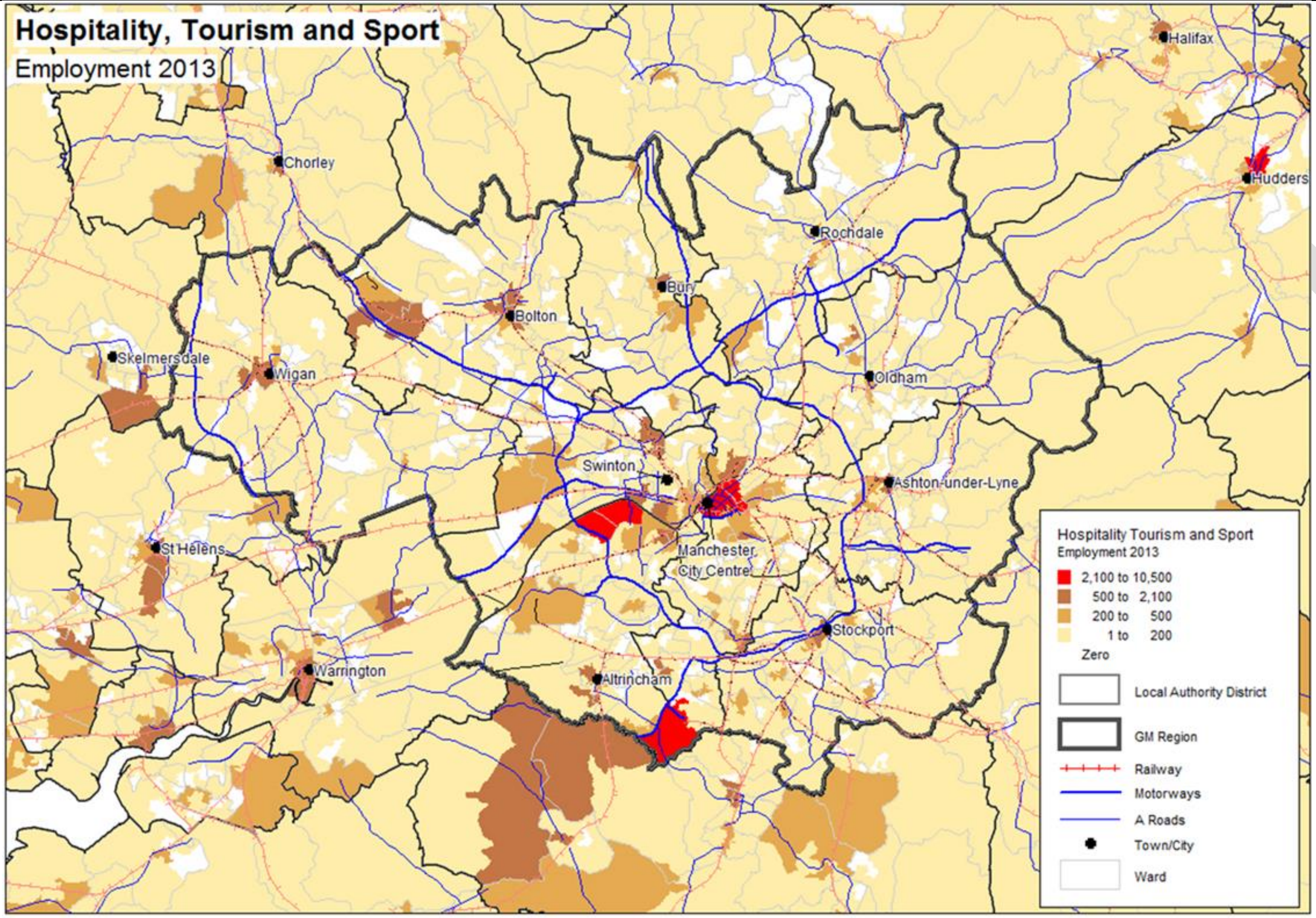


Figure 7 shows the total number of Hospitality, Tourism and Sports business units in GM in 2014. This highlights two significant concentrations of businesses in the city centre and at Salford Quays and Trafford Park. In addition, there are a high number of businesses found in and around GM's town centres, and the airport.

Source: Inter-Departmental Business Register

Figure 8: Hospitality, Tourism and Sport Employment in 2013



Source: ONS Business Register & Employment Survey

Figure 8 shows there are clusters of employment in Manchester city centre, where there is a significant proportion working within hotels, conference and meeting facilities, performance venues, food and drink outlets and many visitor attractions

There are clusters of employment in Salford Quays, Trafford and at Manchester Airport, and a number of employment hotspots within Manchester but outside of the city centre, such as Sport City and the Etihad (City of Manchester) Stadium in the Clayton area of East Manchester.

In Trafford, Hospitality, Tourism and Sport employment is concentrated in key assets such as the Trafford Quays Leisure Village which includes Intu Trafford Centre (and the two visitor attractions operated by Merlin Entertainments, Chill Factore and Aerial Extreme).

The Quays is also a significant area of employment and includes The Lowry and BBC Tours (Salford) as well as the Imperial War Museum North and Manchester United Football Club (Trafford), with Emirates Old Trafford Cricket Ground also close by.

Local town centres are also highlighted as smaller clusters of hospitality employment across all GM.

4.6 Figure 9 shows a quarter (25.1%) of all businesses in GM are located within Manchester. Stockport is the second largest district in terms of the number of businesses, with 10.5% of the GM total (855 businesses). There is also a similarly large share of firms in Wigan, 9.9% (810 businesses) of the GM total.

4.7 Figure 9 also shows the number of businesses grew faster in GM (3%) than the national average (1%), but was some way behind the growth in number of businesses in London (9.8%) between 2010 and 2014. Salford saw a 33% increase in business numbers during this period. Manchester saw significant growth over the three years (9.7%). However, the number of businesses in the sector fell in all other GM districts, with the exception of Wigan where business numbers remained static.

Figure 9: Number of businesses in Hospitality and Tourism and Sport, 2010 to 2014

	Business Numbers			Change 2010 to 2014	
	2010	**2014**	**2014 (%)**	**No.**	**%**
Bolton	710	695	8.5%	-15	-2.1%
Bury	535	540	6.6%	5	0.9%
Manchester	1,865	2,045	25.1%	180	9.7%
Oldham	625	580	7.1%	-45	-7.2%
Rochdale	570	550	6.7%	-20	-3.5%
Salford	575	765	9.4%	190	33.0%
Stockport	865	855	10.5%	-10	-1.2%
Tameside	590	580	7.1%	-10	-1.7%
Trafford	750	735	9.0%	-15	-2.0%
Wigan	810	810	9.9%	0	0.0%
Greater Manchester	**7,895**	**8,150**	**100.0%**	**255**	**3.2%**
North West	23,735	23,510	-	-225	-0.9%
London	33,130	36,365	-	3,235	9.8%
Great Britain	224,110	226,390	-	2,280	1.0%

Source: Inter-Departmental Business Register (Data may not sum sue to rounding and note caution in interpreting change figures as data is for a short time period)

4.8 In contrast to growth in the number of businesses, Figure 10 shows between 2010 and 2013, employment growth was slower in the Hospitality and Tourism and Sport sector (0.3%pa) compared with the national average (6.6%), London in particular, saw strong growth of 14% over this period.

4.9 Within GM growth in employment was seen in four of the ten districts over this period. Employment growth was strongest in Manchester (4,900 more employees), whereas significant falls were seen in Salford, Rochdale and Wigan. The fall of almost 4,000 in Salford was linked to two major business closures in the district. Despite this, Salford still employs over 8,000 in the sector.

Figure 10: Employment in Hospitality and Tourism and Sport, 2010 to 2013

	Employment			Change 2010 to 2013		Proportion of district Employment (2013)
	2010	2013	2013(%)	No.	%	
Bolton	8,000	8,000	8.1%	0	0.0%	7.5%
Bury	5,100	5,300	5.3%	200	3.9%	8.0%
Manchester	30,500	35,400	35.7%	4,900	16.1%	10.4%
Oldham	5,500	5,200	5.2%	-300	-5.5%	6.8%
Rochdale	5,100	4,400	4.4%	-700	-13.7%	6.3%
Salford	12,200	8,300	8.4%	-3,900	-32.0%	6.8%
Stockport	8,500	8,800	8.9%	300	3.5%	7.2%
Tameside	5,000	4,700	4.7%	-300	-6.0%	7.0%
Trafford	9,600	10,300	10.4%	700	7.3%	7.5%
Wigan	9,200	8,700	8.8%	-500	-5.4%	8.7%
Greater Manchester	**98,800**	**99,100**	**100.0%**	**300**	**0.3%**	**8.2%**
North West	276,600	283,200	-	6,600	2.4%	9.1%
London	413,500	471,500	-	58,000	14.0%	10.0%
Great Britain	2,527,200	2,693,000	-	165,800	6.6%	9.5%

Source: ONS Business Register & Employment Survey (Data may not sum sue to rounding and note caution in interpreting change figures as data is for a short time period)

4.10 The following provides further analysis of business and employment by subsector.[20]

4.11 **Accommodation:** There were 330 Accommodation businesses (hotels, bed & breakfasts etc) in GM in 2014, comprising 17% of the North West total. 12,200 people were employed within the Accommodation subsector in GM in 2013, comprising 27% of the North West total. At a UK level hotels represent over one fifth of the hospitality sector.

4.12 **Food and beverage service activities:** There were 5,625 Food and Beverage Service firms in GM in 2014, making it by far the largest subsector in the Hospitality, Tourism and Sport sector, accounting for 69.7% of businesses in the sector overall. There were 60,100 people employed within the subsector in GM in 2013, meaning this is also the largest subsector in employment terms, providing 61% of total employment in the Hospitality, Tourism and Sport sector. It also provides over a third (36.7%) of the subsector's employment in the North West and 3.8% nationally. At a UK level the food and beverage sector contributes over three quarters of the revenue in the hospitality sector and employs 80% of the employees.[21] The sector will be boosted significantly from local population and local workforce spend.

4.13 **Travel agency, tour operator and other reservation service and related activities:** There were 400 Travel Agency, Tour Operator and Other Reservation Service businesses in GM in 2014, comprising 39% of the North West total. There were 5,200 people employed within the subsector in GM in 2013, comprising 46% of the North West total.

[20] In accordance with ONS reporting lines, employment data has been rounded to the nearest hundred.

[21] Ernst and Young (2013) The Hospitality Sector In Europe

4.14 **Libraries, archives, museums and other cultural activities:** There were 150 libraries, archives, museums and other cultural activity businesses in GM in 2014, 29% of the North West total. There were 1,800 people employed within the subsector in GM in 2013, comprising 25% of the North West total.

4.15 **Gambling and betting activities:** There were 555 Gambling and Betting businesses in GM in 2014, accounting for 38% of the North West total. There were 4,800 people employed within the subsector in GM in 2013, 38% of the North West total.

4.16 **Sports activities and amusement and recreation activities:** There were 1,090 Sports Activities and Amusement and Recreation Activities in GM in 2014, making it the second largest subsector in the Hospitality, Tourism and Sport sector, accounting for 13% of businesses in the sector overall. There were 14,900 people employed within the subsector in GM, which accounts for 13.4% of total employment in the Hospitality, Tourism and Sport sector, making it the second largest sector in employment terms. The subsector comprises over a third of the North West's employment in the sector.

5 Skills

5.1 The average productivity level in GM's Hospitality, Tourism and Sport sector is below the UK average. The ability to succeed in continuously driving improvement in productivity is highly dependent on access to a skilled workforce. However, the sector faces several challenges to addressing recruitment and skills difficulties, set out in the section below.

5.2 The following analysis shows the current qualification profile for the resident Hospitality, Tourism and Sport workforce based on survey data for the North West of England and UK. Survey data on specific sectors, jobs and qualifications is not accurate for smaller areas. Skills forecasts produced by Oxford Economics also provide an indication of the qualification levels that the sector will need over the next 20 years.

Current trends

Figure 11: Highest level of qualification held by people working in Hospitality and Tourism, 2015

	NW	UK
Level 4+	19.3%	26.0%
Level 3	22.1%	20.6%
Trade Apprenticeships	3.3%	2.2%
Level 2	26.7%	21.7%
Below Level 2	12.2%	12.2%
Other Qualifications	6.8%	9.1%
No Qualifications	9.6%	8.3%

Source: Quarterly Labour Force Survey, January - March 2015. (Data may not sum sue to rounding)

5.3 Figure 11 shows the qualification profile in the North West differs significantly from that of the UK average in two areas. GM has a much higher proportion of employees holding Level 2 qualifications (entry level requirement), however it falls nearly 7% behind the UK average in term of those holding Level 4 level qualifications. The gap equates to over 12,000 more graduate level jobs in the North West, and proportionately, 4,000 of these relate to GM.

5.4 New Economy has undertaken analysis of the supply and demand relationship for hospitality, tourism and sport related apprenticeships. Apprenticeships at advanced level in hospitality (270) are low compared with sector growth and there is room for expansion. This is also true of apprenticeships at advanced level in hospitality and catering. The number of sport-related advanced apprenticeships (125) appears reasonable in comparison to job opportunities and in travel and tourism, advanced apprenticeships numbered just 11, suggesting that there is scope for growth.

Future trends

5.5 Skills forecasts from Oxford Economics have identified expansion demand (in terms of new jobs which will be created over the next two decades) and replacement demand (measuring workforce churn). Under the central Accelerated Growth

Scenario, the number of net new jobs that will be created in GM in the sector is estimated at 21,600 over the next two decades;[22] and a further 13,000 per annum are estimated to leave the sector each year due to retirement and occupational change who will need to be replaced. As Figure 12 shows many of these roles will be at entry level occupations and half of the jobs will be up to Level 2 in 2035.

Figure 12: Qualification breakdown in the Hospitality, Tourism, Sport sector, 2035

Qualification level	Proportion of sector
NVQ 4+	22%
NVQ 3	24%
NVQ 2	17%
NVQ 1	8%
Other	13%
No Qualifications	16%

Source: Oxford Economics (Data may not sum sue to rounding)

Skills challenges

Figure 13: Skills Challenges in the Hospitality, Tourism and Sport Sector

Challenge	Explanation
Vacancies, recruitment difficulties, and training costs	• High turnover of staff results in large number of vacancies and high recruitment costs. • Sector spends a large amount of money on training new staff but less than whole economy average when all occupations are considered.
Workforce skills gaps	• A high number of workers have skills gaps. Reflecting the high turnover of staff, this is mainly due to workers being new to a role. • Skills gaps are most common in elementary occupations.
Casual work and zero hours contracts	• Risk that casual workers are not given long-term training opportunities, beyond induction and health and safety training.
University Provision	• Industry-led courses will help to upskill residents enabling them to take advantage of opportunities in the sector .

5.6 **Vacancies, recruitment difficulties, and training costs:** The Hospitality, Tourism and Sport sector has a high staff turnover in both the UK and GM. The vacancy rate in the UK currently stands at 32 vacancies per 1,000 employees, as opposed to 23 vacancies per 1,000 employees across the economy as a whole.[23]

5.7 Due to the frequent intake of new staff, the Hospitality, Tourism and Sports sector spends a significant amount on training new staff. This is reflected in the high proportion of entry-level employees receiving induction and health and safety training compared with the average across all sectors.

5.8 **Workforce skills gaps:** Research by People 1st suggests the sector experiences more acute skills gaps in the existing workforce, compared with the average for other sectors.

[22] Growth forecasts are based on the GM Forecasting Model, detailed later in this report
[23] UK Commission for Employment and Skills (2012): Sector Skills Insights: Tourism

In part this is driven by higher level of staff turnover and new entrants. Over half (56%) of skills gaps reported related to entry and elementary occupations, in particular a requirement to improve customer handling skills.

5.9 **Casual work and zero hours contracts:** According to the Office for National Statistics, 45% of employers use zero hour contracts and casual work in the Hospitality and Tourism sector, far more than any other industrial sector.[24] While this provides opportunities for employment in the sector for casual workers, it can also prove a barrier to employees attaining longer-term training opportunities, which will also prove a challenge to training skill levels and productivity.

5.10 **University provision:** It is vital local residents have the necessary qualifications and skills to take advantage of opportunities in the sector. Several of GM's universities offer courses that are directly relevant to the sector and that have been designed in conjunction with industry bodies to ensure they reflect the needs of the sector. Examples include but are not limited to: Manchester Metropolitan University Department of Food and Tourism Management, which offers a range of courses from foundation year through undergraduate and post graduate courses in Hospitality, Tourism and Events as well as doctoral study opportunities and The Business School at the University of Salford which also offers an undergraduate course in Business and Tourism Management (BSc Hons).

[24] ONS, April 2014, Analysis of Employee Contracts that do not Guarantee a minimum number of hours

6 Key Assets

6.1 The following section highlights the key assets in relation to the Hospitality, Tourism and Sport sector. Assets have been identified based on their role in supporting jobs and/or GVA growth for GM now and in the future. It is not intended to be definitive and it excludes details of the many sector development organisations and professional support networks that exist across GM which also have a key role to play in supporting growth and attracting investment as well as assets serving a more local market including GM's town centres, local cinemas, parks and retail. This section should be read in conjunction with the Retail chapter, which highlights assets that are relevant to but do not directly relate to the sector focus in this section. In summary, the list of assets detailed in this section includes the following:

- **Sport**
  - Manchester City Football Club and Etihad Stadium Tour
  - Emirates Old Trafford Cricket Ground and Old Trafford
  - Manchester United Football Club and Stadium Tour
  - Etihad Campus/Sport City
  - National Speedway Stadium
  - Football stadiums at Wigan, Bolton, Rochdale, and Oldham
  - Rugby League at Wigan and Salford
  - National Football Museum (see Culture below)
- **Leisure**
  - Trafford Quays Leisure Village The Quays (Salford)
- **Entertainment and Theatres**
  - Manchester Arena
  - HOME
  - The Lowry
  - Bridgewater Hall
  - Royal Exchange Theatre
  - Manchester Opera House
  - The Palace Theatre
- **Business, Exhibitions and Conferences**
  - Manchester Central
  - EventCity
- **Culture (see theatres above)**
  - Manchester Art Gallery
  - Whitworth Art Gallery
  - Museum of Science and Industry
  - Manchester Museum

- IWM North
- National Football Museum
- Bolton Museum, Aquarium and Archive
- The Factory
- RHS Fifth Garden
- Rural offer

Sport

6.2 **Sport City:** Sport City contains the City of Manchester Stadium, which is home to Manchester City Football Club. The site also features the National Squash Centre, the 6,500 seat Manchester Regional Arena, English Institute of Sport, Manchester Velodrome and the Tennis Centre as well as a state-of-the-art gymnasium. Sport City's facilities for elite and professional athletes as well as developing a community programme. It holds over 400 events each year and receives over 4.5m visits annually.

6.3 **Manchester City Football Club and Etihad Stadium Tour:** The City of Manchester Stadium (Etihad) is home of Manchester City Football Club. Seating capacity has recently been increased to 55,000.

6.4 **Emirates Old Trafford Cricket Ground:** The stadium's capacity is 22,000 for Test matches, for which temporary stands are erected, and 15,000 for other matches. The ground is used heavily throughout the summer as the base of Lancashire County Cricket Club. The ground is occasionally used as a venue for large-scale concerts, with a maximum capacity of 50,000.

6.5 **Manchester United Football Club and Stadium Tour (Old Trafford):** With a capacity of 76,000, Old Trafford's most recent expansion, which took place between July 2005 and May 2006, saw an increase of around 8,000 seats with the addition of second tiers to the north west and north east quadrants of the ground.

6.6 **National Speedway Stadium:** The National Speedway Stadium will be the focal point for national and international speedway events with a 6,000 capacity venue, a 1,800 seat grandstand and state-of-the-art acoustic barrier that will encompass the track.

6.7 **Football stadiums at Bolton, Oldham, Rochdale and Wigan:** As well as hosting two of the world's largest football clubs, GM is home to a number of other established clubs including Bolton Wanderers based at the Macron Stadium, Wigan Athletic based at DW Stadium, Bury FC, Oldham Athletic and Rochdale AFC.

6.8 **Rugby League at Leigh, Salford and Wigan:** GM is home to three rugby league teams: Leigh Centurians, Salford Red Devils and Wigan Warriors. GM has also recently played host to a number of rugby league events such as the Rugby League World Cup final and the Super League Grand Final.

Leisure

6.9 **Trafford Quays Leisure Village:** Trafford Quays Leisure Village is home to a wide variety of leisure activities in one place including: Chill Factore - one of the world's largest ski-centres, Powerleague Soccerdome – the largest five-a-side football centre in the world, an indoor sky-diving centre, Legoland Discovery Centre, Aerial extreme, a golf driving centre, and and a leisure centre. It is situated adjacent to the retail/leisure offer at the Trafford Centre.

6.10 **The Quays:** The Quays is GM's waterfront and home to a variety of leisure activities including: Imperial War Museum North The Lowry, BBC Tours, restaurants, bars and retail.

Entertainment and Theatres

6.11 **The Bridgewater Hall:** The Bridgewater Hall is Manchester's international concert venue. The Hall hosts over 250 performances a year including classical music, rock, pop, jazz, world music. The Hall is home to three resident orchestras: the Hallé, the BBC Philharmonic and Manchester Camerata. The Hall also programmes its own classical music season, the International Concert Series.

6.12 **The Lowry:** The Lowry entertainment and arts centre houses two main theatres and studio space for performing arts (1,730, 466 and 180 seats respectively) presenting a full range of drama, opera, ballet, dance, musicals, children's shows, popular music, jazz, folk and comedy. It also has gallery spaces (1,610 sq m), showing the works of LS Lowry alongside contemporary exhibitions.

6.13 **Manchester Arena:** The arena has a 21,000-person capacity and hosts a range of large musical and sporting events. The arena was a key part of Manchester's bids to host the Olympic Games in 1996 and 2000 and was eventually used for the 2002 Commonwealth Games.

6.14 **Royal Exchange Theatre:** The theatre has capacity to seat an audience of up to 700 on three levels. The Royal Exchange gives an average of 350 performances a year of nine professional theatre productions. It commissions new works that have had a national impact and enhance Manchester's role as a creative centre.

6.15 **Manchester Opera House:** The Opera House dates from 1920 and has hosted numerous theatre productions including the 1958 European premiere of West Side Story and the British regional premiere of Andrew Lloyd Webber's musical The Phantom of the Opera. The world premiere of Ghost the Musical was held at the theatre from March to May 2011 before it transferred to London's West End.

6.16 **The Palace Theatre:** The Palace Theatre dates from 1891 and is one of the main theatres in Manchester. With a 1,955-person capacity, it hosts major touring musicals often with major celebrities and performances of opera and ballet along with various other comedy acts and one night concerts.

6.17 **HOME:** Formed by the merger of the Cornerhouse and the Library Theatre Company, HOME includes a 450-seat theatre, a 150-seat flexible theatre space, a 500 sq m gallery space, five cinema screens, digital production and broadcast facilities, a bar, café bar and cinema bar, plus a bookshop.

6.18 In addition, there are a number of other theatres that serve an important local and regional market including the **Contact Theatre** in Manchester, **Octagon Theatre** in Bolton, **Oldham Coliseum Theatre, Dancehouse** in Manchester, **The Met** in Bury and the **Garrick Theatres** in Trafford and Stockport and agreed plans for a new **Heritage and Arts Centre** for Oldham

6.19 **Hotel and restaurant offer:** Manchester has a substantial and growing hotel stock, with five star hotels such as The Lowry, the Radisson Blu Edwardian and The Midland Hotel. The city has also improved its restaurant offer in recent years, with The French and Manchester House boosting the fine dining restaurant offer.

Business, Exhibitions and Conferences

6.20 **Manchester Central:** Manchester Central has over 23,000 sq m of flexible space and can hold over 10,000 delegates. Alongside major trade shows and concerts, Manchester Central has also hosted political party conferences.

6.21 **EventCity:** EventCity is located in Trafford Park with 28,000 sq m of floorspace. It host high profile events including the Ideal Home Show and X Factor auditions.

Culture

6.22 **Manchester Art Gallery:** Manchester Art Gallery houses many works of local and international significance and has a collection of more than 25,000 objects. There is a diverse programme of changing exhibitions, ranging from historic to cutting edge contemporary art, photography, design, decorative art and family friendly exhibitions.

6.23 **Whitworth Art Gallery:** The Whitworth Art Gallery is an art museum containing about 55,000 items in its collection and dates from 1889. In 2015 the gallery was awarded the Art Fund Prize for Museum of the Year and also won Visit England's Large Visitor Attraction of the Year gold award.

6.24 **Museum of Science and Industry (MOSI):** MOSI is located in Castlefield on the historic site of the world's oldest surviving passenger railway station. Housed in five listed building the museum is now part of the Science Museum Group.

6.25 **Manchester Museum:** Manchester Museum has 15 galleries featuring collections from across the world that explore the natural world and different cultures. The Museum is owned by the University of Manchester, with the collections and staff supporting research and teaching. It is also part of the Real World Science Programme, a collaborative partnership between the Natural History Museum national and seven regional museums.

6.26 **Imperial War Museum North:** The Imperial War Museum North (IWM North) is one of five Imperial War Museums. Opening in 2002, it is housed in an iconic building designed by architect Daniel Libeskinds. Since opening the museum has won more than 25 awards and held more than 40 special exhibitions

6.27 **People's History Museum.:** The People's History Museum (PHM) exhibits political material spanning working people's demand for a better world to organisations that represented them. The Museum closed in 2007 and re-opened in 2010, the culmination of a £12.5m redevelopment project.

6.28 **National Football Museum:** The National Football Museum moved to the Urbis building in 2011 and opened in July 2012 and consists of over 140,000 items, including the FIFA collection.

6.29 **Bolton Museum:** Bolton Museum dates from 1939. Owned by Bolton Metropolitan Borough Council, the collections include natural history, archaeology, art, local history and one of Britain's oldest public aquariums.

6.30 **The Factory:** The Factory Manchester will be located at the heart of a new creative village, St John's, in the city centre on the former Granada Studios site. It is due to open in 2019. It will comprise a large scale producing theatre space with seating provision and a large space for immersive, flexible use, with the capacity for these elements to be used together, or separately, with full acoustic separation.

6.31 **RHS Fifth Garden:** The RHS Fifth Garden will create a new destination garden located on a 63 hectare site at Worsley New Hall in Salford. This will include the restoration of the four hectare walled kitchen garden and also include a new schools learning centre. The fifth garden will be named RHS Garden Bridgewater and is planned to open in 2019.

6.32 **Rural offer:** GM is home to over 500 sq miles of countryside and has a number of rural assets which are largely utilized by local residents, including: Smithills Hall (Bolton), Holcombe/Peel Tower/ Ramsbottom (Bury), Heaton Park (Manchester), Saddleworth Moor and Dovestones Reservoir (Oldham), Healey Dell Nature Reserve and Littleborough (Rochdale), Lyme Park (Stockport), Dunham Massey (Trafford), and Haigh Country Park and Pennington Flash (Wigan). GM also benefits from bordering the Peak District National Park and assets in Lancashire including Rivington Pike.

7 Growth Potential

Forecasts for growth

7.1 A number of economic scenarios have been developed to assess the growth potential of the sector in GM over the next twenty years. The baseline forecast for GM sets out the likely growth pattern based on a continuation of past trends and is derived from the Greater Manchester Forecasting Model (GMFM).[25] It is a 'policy neutral' forecast as it assumes that policy will be as effective in the future as it has been in the past. The latest GMFM baseline (GMFM 2015) is more pessimistic than the previous iteration of GMFM, reflecting a weaker UK growth profile even before the result of the EU referendum. It sees GM grow at a faster rate than the NW economy at 2.3% year on year, which is in line with the UK average.

7.2 To inform the development of the GMSF, an updated Accelerated Growth Scenario (AGS-2015) has been developed based upon improved sector growth performance alongside higher population growth. This scenario is predicated upon GM playing a leading role in the development of the Northern Powerhouse and achieving the ambitions laid out by the UK Government within its NW Long Term Economic Plan.[26]

7.3 Employment in the Hospitality, Tourism and Sport sector has increased by 34,300 jobs in the last two decades and the sector has seen a significant increase in GVA output. Forecasts suggest that both employment and GVA in the sector will continue to rise.

7.4 The baseline forecast for GM suggests a net increase of 20,300 employees from 2015 to 2035. However, the central Accelerated Growth Scenario (AGS-2015) for GM suggests that the number of net new jobs could be as high as 25,600 and forecasts GVA growth of 2.6%pa which could contribute to additional GVA of £1.7bn in GM's economy by 2035.

Figure 14: Hospitality, Tourism and Sport - Baseline and Accelerated Growth Forecast

All Sector	Net increase 1995 to 2015		GMFM Baseline 2015 to 2035		AGS-2015 2015 to 2035	
	Difference	% CAGR	Difference	% CAGR	Difference	% CAGR
Jobs	34,300	1.7	20,300	0.8	25,600	1.0
GVA	£1.1bn	2.9	£1.5bn	2.9	£1.7bn	2.6

Source: Oxford Economics & New Economy.

[25] Oxford Economics
[26] UK Government (2015): Long Term Economic Plan for the North West

Opportunities

7.5 GM's Hospitality, Tourism and Sport sector is a key employer and generator of economic impact to the local economy, and at a wider UK level, and also has a much broader economic impact given its value in both attracting visitors and people to live in the area.

7.6 As with other sectors, growth comes from an increase in demand. Demand is boosted by increased appeal from existing customers, as well as an increase in visitors from both existing and new markets. However, some of the most significant opportunities are likely to result from population growth. A potential boost to visits to the area, as well as increased demand generated from the business community, also present opportunities for the sector and support business levels from local markets.

7.7 A number of specific opportunities for the sector are set out below.

Figure 15: Key opportunities for growth

Opportunity	Activity
Encouraging people to stay for longer, and growing the number of staying visits	• The further growth of Manchester Airport as a gateway. • Building profile both nationally and locally of GM's visitor offer.
Leveraging the impact of GM's nationally significant assets to ensure all parts of GM benefit from visitor spend	• Improving links between /flow between visitor attractions across GM. • Improving infrastructure to enable easy movement within the conurbation.
Hosting more major international events	• Building profile both nationally and locally of GM's visitor offer. • Attracting international events to the city region
Supporting a local food and drink offer	• Significant population growth will contribute to increased demand for local food and drink offer • Increasing awareness of current offer
Increasing cultural related tourism through the development of new international attractions	• Maximising benefit from investments such as: o The Factory and RHS Fifth Garden. o Developing other stand out attractions for visitors to the north of England.
Continue to improve transportation within GM	• Developing the smart ticketing system for GM. • Maximising opportunities through developments at Manchester Airport, including the expansion of Terminal 2 and enhancements to Terminal 3.
Maximising the benefits of an ageing population	• Developing GM's offer so that it is attractive to the older generation.
Maximising the opportunities created by changing internet shopping patterns	• Increasing awareness of growth opportunities from online trade. • Maximising links to key digital technology sectors in GM.

7.8 **Growing the visitor base:** GM holds a strong position within the UK for international visits and has benefited from significant growth over the past decade. However, it is competing in a marketplace with other major national, European and international cities, some of which are also raising their profile and receiving investment.

7.9 Manchester Airport, HS2 and rail development programmes from other major UK airports offer significant opportunities to increase the volume of international visitors to GM. Manchester Airport in particular can be a catalyst for potential growth and increase the number of inbound visits to GM while also providing a gateway service for those wishing to visit GM as part of a wider stay in the UK. This is relevant to both existing markets and emerging markets with the development of new routes.

7.10 Encouraging people to extend their stay could also bring significant economic benefit to GM. Data show that, on average, a day visitor will spend £35 in the destination on shopping, transport, food/drink, entertainment; and a staying visitor spends £52.[27]

7.11 **Growing the number of staying visits:** The number of staying visits (including visiting friends and relatives) to GM has increased by 14% since 2005 (from 9.2m in 2005 to 10.5m in 2014), which has been supported by stays in paid-for accommodation, which saw a 17% increase during the same period. Data show that if each domestic staying visit generated an extra night's stay the additional expenditure could be worth £312m to GM's economy. If each international staying visit generated an extra night's stay this could add a further £72m.[28]

7.12 Other assets such as the strong student base, population base and forecast levels of population growth, and football brands (sport is a key differentiator for the city) also play an important part in growing demand for Hospitality, Tourism and Sport business.

7.13 **Leveraging the benefit of GM's nationally significant assets to ensure all parts of the conurbation are able to benefit from visitor spend:** GM has a number of nationally significant assets and is renowned for its strengths in sport, culture, music/entertainment and leisure. These will attract visitors which can then be encouraged to visit other attractions across GM, as well as growing overnight stays.

7.14 Linked to this there is also a key role for GM's town centres which provide vital functions for local communities in terms of employment and retail, and also more broadly as a focus for social activity/leisure and for services.

7.15 **Hosting more major international events:** Enhancing Manchester's ability to attract larger events will increase its competitiveness with other national, European and global destinations and at the same time provide a multiplier impact for local accommodation, restaurants, bars, transport and local shops.

7.16 Manchester is an internationally recognised events destination. The successful hosting of the Commonwealth Games in 2002 created a reputation for being able to host a range of sporting events in world class facilities, as well as hosting major international conferences and events such as the European Science Open Forum 2016, and the Labour and Conservative Party Conferences. Between 2009 and 2013 the economic impact of international association business in GM rose from 4% of the sector to 12%.[29]

[27] The GM Leisure Visits Survey, Marketing Manchester 2014 Note- staying visitor spend detailed excludes the cost of accommodation.
[28] New Economy analysis using Great Britain Tourism Survey, Visit England and International Passenger Survey.ONS supported by VisitBritain
[29] Conference Value & Volume, Marketing Manchester, 2009 and 2013 data

Manchester also has a strong cultural and festival calendar, which includes the Manchester International Festival.

7.17 **Supporting a local food and drink offer:** The food and drink sector is a key employer across all GM, providing a significant number of part-time and flexible working options. Population growth means that there will be increased demand for the local food and drink offer. While Manchester doesn't have a Michelin Star restaurant, it does have a range of high-end eating establishments, both independently and within hotels.

7.18 GM has benefitted from major restaurant operators moving into town centres, particularly the regional centre which has seen global brands move into Deansgate, Corn Exchange, Spinningfields and King Street. The Northern Quarter and Oxford Road have also seen growth in new independents and smaller chain companies. The Manchester Christmas Markets drive significant footfall into the city centre.

7.19 **Increasing cultural related tourism and developing stand out visitor attractions:** GM boasts one of the largest museum sectors and the highest concentration of producing theatres outside London. Recent years have seen investment injected into GM's cultural offer including, in 2014, the re-developed Central Library and former home of Elizabeth Gaskell (£50m and £2.5m respectively), and the building of HOME and the redevelopment of the Whitworth Art Gallery in 2015, (£25m and £15m respectively). This has increased the quality and appeal of the combined cultural offer within GM.

7.20 GM has a strong set of attractions but there are opportunities for further growth. Due to open in 2019, The Factory Manchester is a new cultural hub that will support the north of England's cultural offer, diversify its cultural infrastructure and bring an enhanced level of content to the conurbation. The RHS Fifth Garden in Salford will also be a significant opportunity for the hospitality and tourism sector in GM. It is the RHS largest investment, creating up to 600 jobs and £24m GVA when complete in 2019.

7.21 **Continue to improve transportation within GM:** While half of all visitors entered GM through public transport, a quarter then use public transport for visits to other parts of GM (26%).[30] Opportunities exist to develop smart ticketing, similar to London's Oyster Card evidenced by the 52% of staying visitors that said such a system would encourage them to use public transport to extend their visits around GM. The development of Manchester Airport, including the expansion of Terminal 2 to become the Airport's primary terminal and enhancements to Terminal 3, and the development of High Speed 2 will also support further growth in the sectors.

7.22 **Maximise the benefits of an ageing population:** The UK has an ageing population and the demographic profile of consumers (current and new) is changing. Within GM, the 60 to 64-year-old age group has grown by 30,000 to 150,000 over the last decade;[31] and the number of over 65s is expected to increase by 44% by 2028.[32] All destinations will need to adapt to new ways of engaging their markets with relevant products to

[30] GM Leisure Visitor Survey 2014, Marketing Manchester supported by Heart of Manchester B.I.D., TfGM and Virgin Trains
[31] Census 2011
[32] GM Forecasting Model

maintain or increase visitor levels. Evidence shows that the spend of older age groups is much higher than that of younger groups.[33] In the North of England alone there are 4m 50-74 year olds with aggregate annual discretionary purchasing power of £1.5bn.[34]

7.23 **Maximise the opportunities created by changing internet shopping patterns:** The market for 'last-minute' holidays has increased in recent years. Technology has enabled quicker processing which means people are now less likely to have the certainty to book holiday months in advance.[35] This presents an opportunity for new entrants to the market to capitalise on new shopping patterns but it will also be a challenge to existing businesses to meet changing demand.

Threats

7.24 The key threats to GM's Hospitality, Tourism and Sport sector are summarised below, along with activities that will help to mitigate each threat.

Figure 16: Key threats

Threat	Activity
Competition from other UK and European locations	• Continued investment and improvement of product. • Identification of 'game changer'. • Identify new ways of securing investment in attractions and facilities • Marketing and PR campaigns.
Addressing the skills and productivity challenge	• Support and training / upskilling of workers.
National considerations, including: Cost of Air Passenger Duty, the cost and ease of obtaining UK visas, and realising the potential of HS2	• Working with UK government to minimise impact of national changes • Realise benefits of HS2 for visitor economy.

7.25 **Competition from other UK and European locations:** GM has been successful in growing its Hospitality, Tourism and Sport sector in recent years. However, there is a danger that if it doesn't continue to invest in this sector, then it could lose market share. At a UK level, other cities are developing their visitor economy, including Belfast, Cardiff, Edinburgh, Glasgow, Leeds and Liverpool. Improving the quality of the offer (product and service) and public realm are important factors to support growth.

7.26 While there are a number of notable planned investments in this sector, including The Factory and RHS Fifth Garden in Salford, there are no other major international attractions in the development pipeline. Many of the conurbation's visitor attractions have been the result of public sector-led investment, and cuts to local and national budgets could impact on GM's ability to improve its tourism offer.

7.27 **Upskilling workers within the industry will improve the sectors productivity:** The sector needs to continue to invest in workforce development. This will, in part, help

[33] Barclays (2014): An Ageing Population, the untapped potential for hospitality and leisure businesses
[34] Age Friendly Manchester (2015): Getting Down to Business, The Economic Opportunities of ageing for GM
[35] People 1st (2013): State of the National Report 2013

address the gap in productivity between firms in GM and the UK. Management and leadership skills have been recognised as a key challenge to growth.[36]

7.28 The sector also experiences high levels of turnover, requiring significant levels of spending on induction and meeting basic statutory requirements. Training budgets are also likely to be under further pressure following the introduction of the National Living Wage from April 2016.[37]

7.29 **Other national considerations:** There are several ongoing issues at a national level that will continue to impact on tourism in GM such as high levels of Air Passenger Duty (APD), the high cost and complex application processes of UK visas, and higher levels of VAT than other European countries. GM also needs to ensure that the full impacts of transport investment, such as HS2, bring additional economic benefit to the sector.

[36] People 1st (2013) State of the National Report 2013

[37] Resolution Foundation (2015): Taking up The Floor – Exploring the impact of the National Living Wage

8 Spatial Considerations

8.1 Alongside the regional centres of Manchester, Salford and Trafford (where employment and the number of businesses in the sector has grown significantly in the last five years), the Hospitality, Tourism and Sport sector remains clustered in town centres, and less urbanised areas just outside GM such as South Lancashire, Macclesfield, Congleton, High Peak and Vale Royal. Growth in the sector is likely to be concentrated in these existing key areas. Given the importance of the sector to serving the needs of the local domestic population, growth will also be located in areas where there is population growth to serve these new consumers.

8.2 The high concentration of businesses and employment in Manchester, Salford and Trafford correlates with the significance of the visitor economy activity present in these districts and this trend is expected to continue with continued growth in the accommodation subsector, as evidenced by a number of new confirmed hotel openings from 2015,[38] new cultural attractions such as The Factory and GM's restaurant offer strengthening.

8.3 In addition to these areas, GM's town centres are also key employment sites. They remain a priority for districts and have an important role in place-making, providing vital functions for local communities in terms of employment and retail and also more broadly as a focus for social activity/leisure and for services.

8.4 The changing role of town centres (reflecting the shift from retail to other activities) means there is a key role for GM's town centres to develop their own distinctive GM wide role and leisure offer, through better integration of local/ community activity with more recognised district attractions. Collectively marketing the unique features of each town centre will attract both visitors and local residents to each and every one of them.

8.5 The sector is reliant on good infrastructure and transport links, which local residents, the workforce and visitors all use to move around the conurbation. Discussions with stakeholders has revealed a need to improve sign-posting of key attractions, particularly to other parts of the conurbation. Infrastructure is also critical to spread the benefits of the visitor economy to a wider area within GM.

8.6 Going forward, it will also be important for the sector to exploit other developments including:

- Maximising leverage through the expansion of Metrolink and the opportunities that smart ticketing will provide to help encourage dispersal around the conurbation; and
- Taking advantage of the digital infrastructure developments already taking place to improve the visitor experience

8.7 The developments at Manchester Airport are a key opportunity for the sector in terms of the Airport being a gateway to the conurbation for international visitors.

[38] Source: Unpublished Data compiled by Marketing Manchester