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Visit London's leisure tourism marketing campaigns: economic impact evaluations

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Executive summary

This paper provides an estimation of the overall benefits from multi-market leisure tourism marketing using methods developed by GLA Economics and informed by research commissioned by the LDA and three other RDAs[1] by ECOTEC (now ECORYS consulting).

The paper tests the methodology originally developed in Working Paper 46[2], and further enhanced here, beyond the North American market by looking at campaigns carried out in Europe and Australia. The paper finds that there are net benefits to the marketing campaigns in all three markets; Europe, Australia and North America.

The paper explores the factors within the model that explain the variation in the level of returns of marketing campaigns and provides more detailed qualitative analysis of survey responses.

[1] Regional Development Agencies: In June 2010, the Government announced that regional development agencies, including the London Development Agency, were to be abolished by 31st March 2012.

[2] Working Paper 46: Visit London Economic Impact Evaluation - Preliminary findings from enhanced conversion research of a North American leisure marketing campaign – see: http://www.london.gov.uk/publication/working-paper-46-visit-london-economic-impact-evaluation

1. Introduction

This paper sets outs results from an improved approach to determining the value for money of Visit London leisure tourism marketing activity. The methodology is based upon the recommendations of a methodology study commissioned by the LDA and three other RDAs by ECOTEC (now ECORYS consulting)[3].

This paper builds upon the analysis of the North American Phase 17 campaign, which can be found in GLA Economics Working Paper 46. An overview of the methodology for cost-benefit analysis (CBA) used previously and in this analysis is provided in Annex 1.

For the first time, the methodology is used for analysis of campaigns outside of the North American market. The results in this paper relate to Visit London[4] activities in Europe, Australia and also a more recent North American campaign (Phase 18). Using financial data provided by London & Partners, this paper evaluates 31.4 per cent of net Visit London expenditure for 2009/10[5].

These campaigns comprised print, poster, radio and internet advertisements of which the main aim was to direct traffic towards the Visit London website (recognising the overarching aim of encouraging people to visit London). However one of the key aims of the Australian campaign was to direct people to a travel agent to book their holiday rather than through the website.

Section 2 provides an overview of the developments made to the methodology for this evaluation. Sections 3 – 5 provide the results of the individual campaigns. Section 6 provides a meta-evaluation of all campaigns. Section 7 outlines the qualitative analysis. Section 8 provides conclusions and recommendations for future research.

Annex 2 explores the effects that individual factors within our CBA methodology have in effecting the overall value for money. Annex 3 provides the data from the evaluation analyses. Annex 4 provides details of the Standard Industrial Classification (SIC) codes used to convert additional expenditure into Gross Value Added (GVA).

[3] "Destination Marketing and Promotion: Economic Impact Methodology Study", (2010), ECOTEC.
[4] London & Partners is the new single international promotion agency for London, and incorporates the previous functions of Visit London, Study London and Think London.
[5] The term "net Visit London expenditure" refers to total Visit London expenditure net of overheads and other expenditures. A significant proportion of LDA grant funding would have been used towards overheads and other expenditure, however for the purposes of this paper, we split the Visit London budget into two parts; variable costs which would relate to campaigns and other activities; and fixed costs which relate to overheads and other expenditures. Therefore this analysis does not specifically evaluate the spending of LDA grant funding, rather total spending on individual campaigns from all sources.

2. Methodology extensions

The current methodology for evaluating the impact of leisure marketing evaluations was established in GLA Economics Working Paper 46 and is summarised in Annex 1. For the evaluation of the three campaigns that this paper is focussed on, some enhancements have been made to increase the robustness of the analysis, based largely on the recommendations outlined in our previous paper. Details of the main enhancements are set out below:

i) Analysis of costs of campaigns

Data from Visit London financial accounts are used to determine the variable costs of campaign activity (previously referred to as direct costs) as well as the fixed costs of activity (previously referred to as indirect costs).

Total Visit London expenditure for the 2009/10 financial year came to £21.7 million; of which £6.8 million represented overheads and other expenditure (fixed costs); the remainder are the variable costs of Visit London which can be spent on campaigns and other activities, totalling £14.9 million. Based on the financial data for individual campaigns, it is calculated that this paper evaluates 31.4 per cent of net Visit London expenditure for the 2009/10 financial year.

The vast majority of Visit London grant funding was spent on leisure and business tourism; of which the focus of this paper is on leisure tourism. Visit London financial data shows that grant expenditure on leisure tourism activity came to £9.5 million in 2009/10.

We have used a proportional method of allocating the fixed costs of Visit London to individual campaigns. The proportion of the total fixed costs of Visit London activity used towards cost-benefit analysis is based on the proportion of total campaign activity that an individual campaign represented. For example, the meta-evaluation covers 31.4 per cent of total net Visit London expenditure; for the cost-benefit analysis, we use 31.4 per cent of the total fixed costs as a fair method of allocating the costs of activity which are necessary for any destination marketing activity to take place.

The following table provides detail of the proportion of total expenditure towards each campaign (including grant and match funding), and hence the proportion of fixed costs allocated to each campaign:

Table 1: Proportions of total net expenditure for 2009/10 that each campaign represents:

	Total Campaign Spend	Proportion of total net Visit London expenditure
North American Phase 18	£1,310,136	8.8%
Europe	£3,313,520	22.2%
Australia	£51,521	0.3%
Total net Visit London expenditure	**£14,912,783**	
All Evaluated Campaigns	£4,675,177	31.4%

Source: Visit London Financial Data

ii) Treatment of peak activity periods

Previous analyses of destination marketing campaigns have evaluated the impact of entire campaign activity. The duration of European and Australian campaigns far exceed that of the North American campaign and discussion with London & Partners has identified specific periods within the campaign when most activity took place. Since an intrinsic aim of these campaigns are to direct people to visit and register on the website (recognising the overarching aim of encouraging people to visit London), a review of new website registrations data was undertaken in order to estimate the impact of the peak activity periods[6]. Table 2 shows that over 90 per cent of the total registrations on the Visit London website occurred in the peak activity periods, therefore to best match the core activity of the campaigns, these defined peak activity periods are used to determine the populations that are assumed to have been exposed to advertising material.

Table 2: Website registrations during peak activity periods

Market	Entire Campaign	Peak Activity Periods
Europe	15,575	14,550
Australia	10,764	10,317
North America	57,096	--

Source: London & Partners[7]

iii) Website statistics

In addition, more detailed website statistics have been used to calculate the population assumptions. The London & Partners web team have provided the total number of website visits from target markets during the campaign period. Since we wish to report on individuals, we use data on the number of unique visitors to take account for repeat visits. This data is only available at the global level and is not broken down by region, however it is assumed that if regional data were available, it is likely to be statistically identical to the global value, therefore the global unique visitor percentage is assumed for all markets.

A final assumption is based on a concept known as the "bounce rate". This is a measure of people who visit one page on the website, but then leave the site, and are, therefore,

[6] In the case of the Australian campaign, the advertising was designed to encourage people to visit their travel agent, not specifically the Visit London website.

[7] There were no specific data of peak activity in the north American campaign.

assumed to have not seen enough material to determine that the website alone had influenced their decision to visit London. By scaling down the total population by the bounce rate and including only unique visitors, a more realistic and conservative estimation of the population that would have been exposed to the advertising material has been derived.

iv) Use of SPSS

The evaluation has been carried out using the SPSS statistical package. This has allowed for more detailed and consistent analysis to be applied to individual campaigns, it has also allowed for outliers to be removed and for analysis to be based on the reported survey responses only (for our previous evaluation, assumptions, including using average expenditures for missing cases, were made when survey respondents had part-completed questions which were applicable to them).

v) Treatment of additional nights

The scale of additional nights visited in London is asked directly through our enhanced additionality question. For the analysis of additional nights for those that are planning to make a trip to London, an adjustment has been made for the probability that a planned trip is likely to be made; additional expenditures are then based on average per visitor expenditures of trips made.

3. North America Phase 18 campaign

i) Survey details

The sample size for the North American Phase 18 campaign was 3,155. This compares to a sample size of over 12,000 for the Phase 17 campaign. Whilst, the results from a survey of this size are robust, exploration into the differences in sample size should be explored[8].

Over 57,000 North Americans[9] registered on the website during the campaign period, however the response rate to the web-based survey was only 5 per cent, which compares with a 22 per cent response rate for the previous campaign. Ninety-two per cent of the respondents completed the whole survey, leading to a final sample size of 2,903.

The total number of website visits by North Americans during the campaign period was 292,500. The proportion of unique visitors to the Visit London website during the campaign period was 84.7 per cent and the bounce rate was 37.6 per cent. This leads to a total estimated population of 154,500. To facilitate assessment of the alternative 'website only' counterfactual position later in the analysis, we estimate (using a question which asks how respondents found the website) that only 10 per cent of visits were as a direct result of campaign advertising, therefore 139,000 website visits were not as a direct result of Visit London's traditional campaign advertising.

Table 3: Sample details for North America Phase 18 campaign

Number of North Americans who registered on www.visitlondon.com during campaign period	57,096
Number of those who registered that completed or part completed the survey	3,155
Number of whole survey completers	2,903

ii) Population estimate

Table 4: Derivation of population estimates

a) Total number of visits to www.visitlondon.com from North American IP addresses during campaign period	292,485
Total number of global visits to www.visitlondon.com during campaign period	2,070,857
Total number of global unique visitors to www.visitlondon.com during campaign period	1,753,539
b) Assumed unique visitor percentage	84.7%
c) Bounce rate from North American visits in campaign period	37.6%
Population estimate – population exposed to www.visitlondon.com from campaign advertising [a*b*(1-c)]	**154,544**
Proportion of sample first finding out about www.visitlondon.com website from campaign advertising	10.0%
Population exposed to www.visitlondon.com from campaign activity only	15,454

[8] The sample sizes of campaigns evaluated in this paper allow for robust analysis, however there is a greater risk of potential bias as sample sizes decrease, especially compared to the sample size of the previous North American campaign.

[9] For the purposes of this study, North America refers to the United States and Canada.

iii) Estimation of actual and potential visits

Questions in the enhanced conversion survey supply us with the number of individuals that have made a visit to London in the last 12 months and the number that plan to make a visit in the next 12 months. We applied the percentage of individuals reporting that they made (or planned) to visit to our population estimate to estimate the total number exposed to Visit London advertising material and making a visit.

Estimates of the number of individuals that made a trip within the last 12 months are considerably more certain than for those planning to make a trip and these two estimates are kept separate. To account for this uncertainty, the enhanced conversion survey asks those planning to make a visit to estimate the probability that their visit will take place. Responses to this probability question are used to scale down the total number of trips that were planned.

Applying these methods and adjusting results to reflect party size and multiple visits (assessed within the survey) produces an estimate of 80,500 gross actual visits. The equivalent calculation for those planning a visit (with adjustment for the probability of visit) generates an estimate of 57,000 gross potential visits.

Average party size for visits made was 2.1 and an average of 1.25 trips per year were made. Average party size for planned visits was lower at 1.8 and the estimated probability of planned trips being made was 63.6 per cent.

iv) Additional expenditure

To estimate gross expenditure we apply average expenditure per visitor to the total number of gross actual and potential visitors. Average expenditure per visitor was calculated from the results of the survey that asked respondents who had visited in the previous 12 months how much they had spent on their trip in six categories and how many people this expenditure covered. It is assumed that the average spent by this cohort would be identical for those that are planning a trip in the next 12 months (therefore this does not take account of inflation). The dataset was reviewed to check for outliers; however no cases were removed from this analysis.

The six categories of spending used were accommodation; eating and drinking; shopping; entertainment; transport; and other expenditure. For the North American Phase 18 campaign, gross actual expenditure has been estimated at £73 million and gross potential expenditure of £52 million. The largest proportions of spending were on accommodation (32 per cent); and eating and drinking (22 per cent). As with the estimates of gross visits, these expenditure figures do not reflect the effect of Visit London's activity over and above what would have happened anyway. Using data on the number of nights spent in London and the UK, average expenditure per visitor is estimated at £558 in London compared with £907 in total (London and the UK).

v) Assessment of the additionality of visits and expenditure

This is the key step in determining the economic impact – the extent to which visits would have been made in the absence of marketing. The survey uses gross-to-net additionality ratios to the estimates of gross actual and potential visits; each response to the additionality

question is assigned a different weight[10]. A weight of zero indicates total deadweight (implying the trip would have been made regardless) and a weight of one indicates total additionality (without advertising material the trip would not have been made).

Our results indicate that for visits made in the last 12 months, 6.1 per cent of these trips were additional; for planned visits, 11.8 per cent of the trips would be additional. These results imply that almost 19 in every 20 actual visits and 7 out of every 8 planned visits would have been made anyway.

Applying these additionality ratios to the gross actual and planned visits, leads to an estimate of 4,900 additional actual visits and 6,700 additional potential visits – approximately 11,600 additional visits in total. Using the estimated average expenditure per visitor, the estimated additional expenditure was £4.4 million from actual visits and £6.1 million from planned visits – a total of £10.5 million.

We also estimate the additional expenditure of those visitors that extended their pre-existing visit as a direct result of Visit London promotional activity. Average expenditures per night were applied to the additional nights to those that were encouraged to stay for longer than initially planned. There are issues around whether respondents are able to accurately self report information on the number of extra nights they would have stayed as a result of Visit London activity, however the dataset was examined to check for potential outliers and no cases were removed from this analysis. A total of 8,100 additional nights were estimated on actual and planned visits; using the survey data on average expenditure per night (£88), it is estimated that additional expenditure from visitors extending their stays due to Visit London activity was £0.7 million.

vi) Estimation of total additional expenditure and GVA

Adding the additional expenditure of those encouraged to stay longer to that from those encouraged to visit produces an estimate for total additional expenditure of £11.2 million. A recommendation from the literature review of the ECOTEC methodology study was to make an adjustment for potential non-response bias. Studies have found that people who are already likely to make a visit are more likely to agree to participate in a survey, hence there would be greater likelihood that survey respondents would make a visit compared with those who do not. In line with our previous analysis, we incorporate a 20 per cent reduction to expenditure estimates to account for potential non-response bias.

This leads to a final estimate of £9.0 million for overall additional expenditure. Based on the impact of campaign advertising over and above the website alone, additional expenditure is estimated at £1.9 million.

We have assumed that 50 per cent of expenditure would have been subject to VAT of 20 per cent and therefore this element should be subtracted from the totals. This leads to additional expenditures of £8.1 million from overall activity and £1.7 million from campaign activity over and above the website.

[10] See Annex 1 for details of the question used in the survey to determine additionality.

Since not all expenditure represents an economic impact in terms of GVA (as firms need to procure intermediate inputs, for example, a restaurant purchasing ingredients), the estimates of additional expenditure are converted into GVA using GVA to turnover ratios from relevant SIC codes within the Annual Business Survey (ONS)[11]. Using these ratios for the individual components of expenditure, it is estimated that the additional GVA associated with the North America Phase 18 campaign is £3.3 million. Additional GVA from campaign activity alone is estimated at £0.7 million.

Table 5: Additional visits, expenditures and GVA for North America Phase 18 campaign

	Overall Activity	Campaign Only
Step 1 - Population Exposed to the Visit London Website	154,544	15,454
Step 2 - Gross Visits (Thousands)		
Actual	80,500	-
Potential	57,000	-
Total	137,500	-
Step 3 – Gross Expenditure (£ millions)		
Actual	73	-
Potential	52	-
Total	125	-
Step 4 – Gross to Net Additionality Percentage		
Actual	6.05%	6.05%
Potential	11.82%	11.82%
Step 5 – Additional Impacts (Thousands; £ millions)		
Additional Visits - Actual	4,900	600
Additional Visits - Potential	6,700	1,200
Total Additional Visits	11,600	1,800
Additional Expenditure - Actual	4.4	0.6
Additional Expenditure - Potential	6.1	1.0
Total Additional Expenditure	10.5	1.6
Additional Nights of those encouraged to stay longer	8,100	-
Additional Expenditure of those encourage to stay longer	0.7	-
Total Additional Expenditure	11.2	2.3
Non-response bias adjustment	-20%	-20%
Total Additional Expenditure adjusted for non-response bias	9.0	1.9
Step 6 – VAT		
Percentage of expenditure eligible for VAT	50%	50%
VAT Rate	20%	20%
Final Additional Expenditure (£ millions)	8.1	1.7
Step 7 – Conversion to GVA		
GVA to Turnover Ratio	41.0%	41.0%
Total Additional GVA (£ millions)	**3.3**	**0.7**

Source: Visit London enhanced conversion survey and GLA Economics calculations

[11] Standard Industrial Classification codes used towards the cost-benefit analysis can be found in Annex 4.

a) Cost-benefit analysis

This section assesses the overall value for money of Visit London activity that took place during the North America Phase 18 campaign period using estimates of the expenditure related benefits as well as the variable and fixed costs of Visit London campaign activity. Along with costs incurred to Visit London, there are two other areas of activity that can be quantified using the results of the survey; Exchequer receipts and the carbon impacts of air travel.

The ECOTEC methodology study indicated that cost-benefit analysis should be presented with and without the inclusion of carbon costs to highlight the impact of including these costs in the policy and decision making process. Policy and decision makers may choose to utilise the analysis with or without carbon costs depending on their view of how carbon emissions from tourism related transport (particularly air transport) should be incorporated within efforts to reduce overall carbon emissions globally.

i) Variable and fixed costs of marketing activity

Using data provided by London & Partners, Table 6 provides details of the programme spend for the North American Phase 18 campaign.

Table 6: Variable campaign cost of North American Phase 18 campaign

Grant Spend	£1,061,998
Match Funding	£248,138
Total Variable Costs of Campaign	**£1,310,136**

Any cost-benefit analysis must take account of the fixed costs of activity. Without expenditure in areas such as building rents, IT, HR, legal costs and other overheads, no destination marketing activity can take place, hence we have used the proportion of total net Visit London expenditure that this campaign represents as the basis for the allocation of fixed costs of the campaign. Further exploration into a more detailed breakdown of staff, building and IT costs is ongoing and is recommended for future evaluation in this area.

Table 7: Fixed costs of North American Phase 18 campaign

Total non-campaign activity costs for 2009-10 financial year	£6,757,196
Proportion of total net Visit London expenditure	8.8%
Total Fixed Costs of Campaign	**£593,641**

Total Costs of Campaign	**£1,903,777**

ii) Exchequer receipts

Exchequer receipts are generated through VAT and Air Passenger Duty; these are only relevant at the national level. Our estimates of GVA through additional expenditure in London do not include VAT. The VAT paid by overseas residents originating from within the EU and a proportion of that paid by overseas residents from outside of the EU represents exchequer benefits that can be included in the cost-benefit analysis. Residents of non-EU countries can potentially claim back the VAT paid on their purchases and this is also accounted for in the cost-benefit analysis.

VAT receipts for inclusion in the CBA are estimated by multiplying additional expenditure by the VAT rate (the current 20 per cent rate has been used for this paper). Based on the survey, it is estimated that 14 per cent of VAT was reclaimed and it is assumed that 50 per cent of expenditures would be eligible for VAT (as recommended by the methodology study).

It is estimated that the additional VAT relating to the campaign was £1.1 million and that £0.2 million was reclaimed; this leads to an estimated net VAT benefit of £1.0 million (disparity due to rounding). From campaign activity alone the net additional VAT receipt benefit was estimated at £0.19 million, incorporating a £0.03 million reclaim.

Overseas visitors to London pay Air Passenger Duty on their return flights; this charge is not captured in the estimates of GVA through additional expenditure since the survey does not capture the costs of travel to and from London (only the costs of travel whilst visitors are in London).

It is assumed that Air Passenger Duty receipts are based on airline seats for which lower duty rates apply (typically economy class) and uses rates that were in operation from November 2009 to October 2010 for actual visits and rates since November 2010 for potential visits. The estimated Air Passenger Duty revenue in the campaign period was £0.75 million on overall activity and £0.1 million based on campaign activity alone.

Taking VAT and Air Passenger Duty receipts together leads to an estimate of total exchequer receipts of £1.7 million from overall activity and £0.3 million based on campaign activity alone.

iii) Carbon costs

Where visitors have been encouraged to visit a location as a consequence of destination marketing, there is a marginal social cost in terms of the carbon emissions associated with land, air and sea transport (air transport in the case of North American visits). The ECOTEC study suggested that the cost-benefit analysis should value CO_2 costs in line with Department of Energy and Climate Change (DECC) guidance, the most recent guidance published in October 2011[12].

The survey asks respondents to provide details of their home region. With this data, the "as the crow flies" distance between the largest urban population in that region and London is taken as the proxy for the distance travelled by the respondents. Average carbon emissions per visitor are then estimated using data from Defra on the CO_2 emissions per mile of long haul air travel. The total additional carbon emissions from actual and planned visits are then multiplied by the non-traded cost of carbon to monetise the cost of carbon emissions as a result of the marketing campaign[13].

[12] "A brief guide to the carbon valuation methodology for UK policy appraisal", Department of Energy and Climate Change, (2011).

[13] Air travel emissions are currently included in estimates on non-traded social costs of carbon until 2013/14. After this, air transport will be included in EU Emissions Trading Scheme, which currently have lower social costs of carbon valuations.

It is estimated the cost of carbon emissions associated with North America Phase 18 activity is £0.5 million based on overall additional visits and £0.1 million based on campaign activity only.

iv) Results

Table 8 provides a summary of the costs and benefits of the North American Phase 18 campaign (from the UK perspective). The costs and benefits shown are for overall activity in the campaign period and relate to campaign activity over and above the website. Analysis of campaign activity requires subtracting the costs and benefits associated with the website only counterfactual from the costs and benefits of overall activity. Discounting has not been applied to the values in the table as the impacts using the survey approach are all in the short term.

Table 8: Summary of benefit and cost calculations for North American Phase 18 campaign

(£ millions)	Overall Activity	Campaign Activity only
Benefits		
GVA from expenditure	3.32	0.69
Exchequer receipts	1.52	0.32
Total Benefits	5.03	1.01
Costs		
Variable costs	1.31	1.31
Fixed costs	0.59	0.59
Carbon costs	0.54	0.08
Total Costs		
Including carbon costs	2.44	1.99
Excluding carbon costs	1.90	1.90

Table 9 provides the headline estimates of the net present value (NPV) and benefit-cost ratio (BCR) derived to overall Visit London activity and campaign activity respectively. An NPV is an estimate of the total (discounted) benefits minus the total (discounted) costs and provides an estimate of the total net benefits from the investment. A BCR represents the average benefit for each £1 of public investment in a project and therefore provides a good barometer of the relative value for money of different types of government investment.

Table 9: Headline NPV and BCR of overall activity (at UK level): North America Phase 18 campaign

Net Present Value (inc. carbon costs)	**£2.59 million**
Net Present Value (excl. carbon costs)	£3.13 million

Benefit-Cost Ratio (inc. carbon costs)	**2.06**
Benefit-Cost Ratio (excl. carbon costs)	2.64

Table 10: NPV and BCR associated with campaign activity separately: North America Phase 18 campaign

Net Present Value (inc. carbon costs)	-£0.97 million
Net Present Value (excl. carbon costs)	-£0.89 million

Benefit-Cost Ratio (inc. carbon costs)	0.51
Benefit-Cost Ratio (excl. carbon costs)	0.53

4. European campaign (2009 – 2010)

i) Survey details

The sample size for the European[14] campaign was 2,370. This is the lowest sample size of all the surveys carried out as part of this series of evaluations, and is only a small percentage of the over 12,000 sample size of the North American Phase 17 campaign.

15,575 Europeans registered on the website during the peak activity periods of the campaign; the response rate to the web-based survey was 13.9 per cent. Ninety-one per cent of the respondents completed the survey, leading to the sample size for analysis of 2,168.

The total number of website visits by Europeans during the peak activity periods of the campaign was 1,219,750. The proportion of unique visitors to the Visit London website during the campaign period was 85.1 per cent and the bounce rate was 38.8 per cent. This leads to a total population of 636,073. To facilitate assessment of the alternative 'website only' counterfactual position later in the analysis, we estimate (using a question which asks how respondents found the website) that only 12.4 per cent of visits were as a direct result of campaign advertising, therefore 557,200 website visits were not as a direct result of Visit London's traditional campaign advertising.

The size of the sample does not allow for a robust comparison by country, however this would also require specific detail regarding the spend in the individual country markets, and if possible, duration where peak activity within countries took place.

Table 11: Sample Details for European campaign

Number of Europeans who registered on www.visitlondon.com during campaign period	15,575
Number of those who registered that completed or part completed the survey	2,370
Number of survey completers	2,168

[14] For the purposes of this paper, Europe refers to the countries where the specific campaigns took place, i.e. France, Germany, Italy, Spain, Netherlands, Belgium and Ireland. Campaign activity did not take place in any other country. All website statistics related to this campaign refer only to these countries.

ii) Population estimate

Table 12: Derivation of Population Estimates for European campaign

a) Total number of visits to www.visitlondon.com from European IP addresses during campaign period	1,219,750
Total number of global visits to www.visitlondon.com during campaign period	3,985,367
Total number of global unique visitors to www.visitlondon.com during campaign period	3,393,115
b) Assumed unique visitor percentage	85.1%
c) Bounce rate from European visits in campaign period	38.8%
Population estimate – population exposed to www.visitlondon.com from campaign advertising [a*b*(1-c)]	**636,073**
Proportion of sample first finding out about www.visitlondon.com website from campaign advertising	12.4%
Population exposed to www.visitlondon.com from campaign activity only	78,873

iii) Estimation of actual and potential visits

Questions in the enhanced conversion survey supply us with the number of individuals that have made a visit to London in the last 15 months and the number that plan to make a visit in the next 12 months. We applied the percentage of individuals reporting that they made (or planned) to visit to our population estimate to estimate the total number exposed to Visit London advertising material and making a visit.

Estimates of the number of individuals that made a trip within the last 15 months are considerably more certain than for those planning to make a trip and these two estimates are kept separate. To account for this uncertainty, the enhanced conversion survey asks those planning to make a visit to estimate the probability that their visit will take place. Responses to this probability question are used to scale down the total number of trips that were planned.

Applying these methods and adjusting results to reflect party size and multiple visits (assessed within the survey) produces an estimate of 1,326,000 gross actual visits. The equivalent calculation for those planning a visit (with adjustment for the probability of visit) generates an estimate of 245,000 gross potential visits. Estimates based on the exposed population of website hits not due to Visit London campaign activity, for use later in the website only counterfactual analysis, was 1,162,000 gross actual visits and 214,000 gross potential visits.

Average party size for visits made was 2.57 and an average of 1.64 trips per year was made. Average party size for planned visits was lower at 2.03 and the estimated probability of planned trips being made was 60.3 per cent.

iv) Additional expenditure

To estimate gross expenditure we apply average expenditure per visitor to the total number of gross actual and potential visitors. Average expenditure per visitor was calculated from the results of the survey that asked respondents that had visited in the previous 15 months how

much they had spent on their trip in six categories and how many people this expenditure covered. It is assumed that the average spent by this cohort would be identical for those that are planning a trip in the next 12 months (therefore this does not take account of inflation). The dataset was reviewed to check for outliers; however no cases were removed from this analysis. Only reported spending was assessed; where there were missing cases it has been assumed that average spending would have been made.

The six categories of spending used were accommodation; eating and drinking; shopping; entertainment; transport; and other. Using the most recent Annual Business Survey (ONS) data, the GVA of the spending was calculated by deriving a GVA to turnover ratio for the relevant SIC codes that this spending represents.

For the campaign, gross actual expenditure has been estimated at £561 million and gross potential expenditure of £104 million. The largest proportions of spending were on accommodation (34 per cent); and eating and drinking (20 per cent). As with the estimates of gross visits, these expenditure figures do not reflect the effect of Visit London's activity over and above what would have happened anyway.

The survey does not specifically look to estimate spending of visitors in London and the rest of the UK. However using responses on the split of nights between London and the rest of the UK. As referenced in our previous analysis, this is a crude method and is likely to underestimate average expenditure and economic benefits to London. Average expenditure per visitor is estimated at £279 in London compared with £423 in total (London and the UK).

v) Assessment of the additionality of visits and expenditure

This is the key step in determining the economic impact – the extent to which visits would have been made in the absence of marketing. The survey uses additionality ratios to the estimates of gross actual and potential visits; each response to the question is assigned a different weight. A weight of zero indicates total deadweight (the trip would have been made regardless) and a weight of one indicates total additionality (without advertising material the trip would not have been made.

Our results indicate that for visits made in the last 12 months, 8.0 per cent of these trips were additional; for planned visits, 14.3 per cent of the trips would be additional. These results imply that just over 18 in every 20 actual trips and 6 out of every 7 planned visits would have been made anyway.

Applying these additionality ratios to the gross actual and planned visits, leads to an estimate of 106,000 additional actual visits and 35,000 additional potential visits – approximately 141,000 additional visits in total. Using the estimated average expenditure per visitor, the estimated additional expenditure was £44.9 million from actual visits and £14.8 million from planned visits – a total of £59.6 million (adjusted for rounding).

To assess the website only counterfactual, the percentage of the sample that found the website directly from Visit London advertising, it is calculated that 116,000 visits and £49.1 million of expenditure was as a direct result of campaign advertising.

We also estimate the additional expenditure of those visitors that extended their pre-existing visit as a direct result of Visit London promotional activity. Average expenditures per night were applied to the additional nights to those that were encouraged to stay for longer than initially planned. There are issues around whether respondents are able to accurately self report information on the number of extra nights they would have stayed as a result of Visit London activity, however the dataset was examined to check for potential outliers and no cases were removed from this analysis. A total of 125,000 additional nights were estimated on actual and planned visits; using the survey data on average expenditure per night (£65), it is estimated that additional expenditure from visitors extending their stays due to Visit London activity was £8.1 million.

vi) Estimation of total additional expenditure and GVA

Adding the additional expenditure of those encouraged to stay longer to that from those encouraged to visit produces an estimate for total additional expenditure of £67.7 million. After incorporating the 20 per cent adjustment for non-response bias, this leads to a final estimate of £54.2 million for overall additional expenditure. Based on the impact of campaign advertising over and above the website alone, additional expenditure is estimated at £14.9 million.

We have assumed that 50 per cent of expenditure would have been subject to VAT of 20 per cent and therefore this element should be subtracted from the totals. This leads to additional expenditures of £48.7 million from overall activity and £13.4 million from campaign activity over and above the website.

Since not all expenditure represents an economic impact in terms of GVA (as firms need to procure intermediate inputs, for example, a restaurant purchasing ingredients), the estimates of additional expenditure are converted into GVA using GVA to turnover ratios from particular SIC codes within the Annual Business Survey (ONS). Using these ratios for the individual components of expenditure, it is estimated that the additional GVA associated with the European campaign is £19.6 million. Additional GVA from campaign activity alone is estimated at £5.4 million.

Table 13: Additional visits, expenditures and GVA for European campaign

	Overall Activity	Campaign Only
Step 1 - Population Exposed to the Visit London Website	636,000	79,000
Step 2 - Gross Visits (Thousands)		
Actual	1,326,000	-
Potential	245,000	-
Total	1,571,000	-
Step 3 – Gross Expenditure (£ millions)		
Actual	561	-
Potential	104	-
Total	665	-
Step 4 – Gross to Net Additionality Percentage		
Actual	7.99%	7.99%
Potential	14.25%	14.25%
Step 5 – Additional Impacts (Thousands; £ millions)		
Additional Visits - Actual	106,000	19,000
Additional Visits - Potential	35,000	6,000
Total Additional Visits	141,000	25,000
Additional Expenditure - Actual	44.9	8.1
Additional Expenditure - Potential	14.8	2.5
Total Additional Expenditure	59.6	10.6
Additional Nights of those encouraged to stay longer	125,000	-
Additional Expenditure of those encourage to stay longer	8.1	-
Total Additional Expenditure	67.7	18.6
Non-response bias adjustment	-20%	-20%
Total Additional Expenditure adjusted for non-response bias	54.2	14.9
Step 6 – VAT		
Percentage of expenditure eligible for VAT	50%	50%
VAT Rate	20%	20%
Final Additional Expenditure (£ millions)	48.7	13.4
Step 7 – Conversion to GVA		
GVA to Turnover Ratio	40.3%	40.3%
Total Additional GVA (£ millions)	**19.6**	**5.4**

Source: Visit London enhanced conversion survey and GLA Economics calculations

a) Cost-benefit analysis

This section assesses the overall value for money of Visit London activity that took place during the peak activity periods of the European campaign using estimates of the expenditure related benefits as well as the variable costs of the campaign and the necessary fixed costs of Visit London activity required to enable campaigns to take place. Along with costs incurred to Visit London, there are two other areas of activity that can be quantified using the results of the survey; Exchequer receipts and carbon costs.

The ECOTEC methodology study indicated that cost-benefit analysis should be presented with and without the inclusion of carbon costs to highlight the impact of including these

costs in the policy and decision making process. Policy and decision makers may choose to utilise the analysis with or without carbon costs depending on their view of how carbon emissions from tourism related transport (particularly air transport) should be incorporated within efforts to reduce overall carbon emissions globally.

i) Variable and fixed costs of marketing activity

Using data provided by London & Partners, the following table provides details of the programme spend for the European campaign:

Table 14: Variable costs of European campaign

Grant Spend	£2,740,701
Match Funding	£572,819
Total Variable Costs of Campaign	**£3,313,520**

Any cost-benefit analysis must take account of the fixed costs of activity. Without expenditure in areas such as building rents, IT, HR, legal costs and other overheads, no destination marketing activity can take place, hence we have used the proportion of total net Visit London expenditure that this campaign represents as the basis for the allocation of fixed costs of the campaign. Further exploration into a more detailed breakdown of staff, building and IT costs is ongoing and is recommended for future evaluation in this area.

Table 15: Fixed costs of European campaign

Total non campaign activity costs for 2009-10 financial year	£6,757,196
Proportion of total net Visit London expenditure	22.2%
Total Fixed Costs of Campaign	**£1,501,403**

Total Costs of Campaign	**£4,814,923**

ii) Exchequer receipts

Exchequer receipts are generated through VAT and Air Passenger Duty; these are relevant at the national level. GVA estimates are based on additional visitor expenditure excluding VAT. The VAT paid by overseas residents originating from within the EU and a proportion of that paid by overseas residents from outside of the EU represents exchequer benefits that can be included in the CBA. However, only residents of non-EU countries are able to reclaim the VAT of purchases, all VAT receipts are included in the CBA.

VAT receipts for inclusion in the CBA are estimated by multiplying additional expenditure by the VAT rate (the 20 per cent rate has been used for this paper) and it is assumed that 50 per cent of purchases are eligible for VAT (as recommended by ECOTEC). It is estimated that the additional VAT relating to the campaign was £6.7 million. From campaign activity alone the net additional VAT receipt benefit was estimated at £1.7 million.

Overseas visitors to London pay Air Passenger Duty on their return flights; this cost is not captured in the estimates of additional expenditure and GVA since the survey does not capture the costs of travel to and from London (only the costs of travel whilst visitors are in London).

It is assumed that Air Passenger Duty receipts are based on airline seats for which lower Duty rates apply (typically economy class) and uses rates that were in operation from November 2009 to October 2010 for actual visits and rates since November 2010 for potential visits. The estimated Air Passenger Duty revenue in the campaign period was £1.6 million on overall activity and £0.3 million based on campaign activity alone.

Taking VAT and Air Passenger Duty receipts together leads to an estimate of total exchequer receipts of £8.2 million from overall activity and £2.0 million based on campaign activity alone.

iii) Carbon costs

Where visitors have been encouraged to visit a location as a consequence of destination marketing, there is a social cost in terms of the carbon emissions associated with land, air and sea transport. The ECOTEC study suggested that the cost-benefit analysis should value CO_2 costs in line with Department of Energy and Climate Change guidance.

The survey asks respondents to provide details of their home region (NUTS1 region[15]). With this data, the "as the crow flies" distance between the largest urban population in that region and London is taken as the proxy for the distance travelled by the respondents. Average carbon emissions per visitor are then estimated using the Defra data on the CO_2 emissions per mile of short haul passenger air travel[16]. The total additional carbon emissions from actual and planned visits is then multiplied by the social cost of carbon to monetise the cost of carbon emissions as a result of the marketing campaign.

It is estimated the social cost of carbon emissions associated with the European campaign is £0.7 million based on overall additional visits and £0.13 million based on campaign activity only.

iv) Results

Table 16 provides a summary of the costs and benefits of the European marketing campaign (from the UK perspective). The costs and benefits shown are for overall activity in the campaign period and relate to campaign activity over and above the website. Analysis of campaign activity requires subtracting the costs and benefits associated with the website only counterfactual from the costs and benefits of overall activity. Discounting has not been applied to the values in the table as the impacts using the survey approach are all in the short term.

[15] NUTS: Nomenclature of Territorial Units for Statistics. In the UK, a NUTS1 area would be a region such as the previous boundaries as covered by RDAs, including Scotland, Wales and Northern Ireland.
[16] For simplicity it is assumed that all visits to London would have been made by air transport.

Table 16: Summary of benefits and costs of European campaign

(£ millions)	Overall Activity	Campaign Activity only
Benefits		
GVA from expenditure	19.64	5.41
Exchequer receipts	7.00	1.77
Total Benefits	26.64	7.18
Costs		
Variable costs	3.31	3.31
Fixed costs	1.50	1.50
Carbon costs	0.73	0.13
Total Costs		
Including carbon costs	5.55	4.95
Excluding carbon costs	4.81	4.81

Table 17 provides the headline estimates of the net present value (NPV) and benefit-cost ratio (BCR) derived to overall Visit London activity and campaign activity respectively.

Table 17: Headline NPV and BCR of overall activity (at UK level) for European campaign

Net Present Value (inc. carbon costs)	**£21.09 million**
Net Present Value (excl. carbon costs)	£21.82 million

Benefit-Cost Ratio (inc. carbon costs)	**4.80**
Benefit-Cost Ratio (excl. carbon costs)	5.53

Table 18: NPV and BCR associated with campaign activity separately for European campaign

Net Present Value (inc. carbon costs)	£2.24 million
Net Present Value (excl. carbon costs)	£2.37 million

Benefit-Cost Ratio (inc. carbon costs)	1.45
Benefit-Cost Ratio (excl. carbon costs)	1.49

5. Australian campaign (2009 – 2010)

i) Survey details

One of the key aims of the Australian campaign was to direct people to book their holidays through a travel agent rather than the website. This reflects the fact that the target market is more likely to book in this way.

The sample size for the Australian campaign was 3,596. This makes this the largest sample size of the three campaigns evaluated in this paper; however this is considerably less than the 12,000 sample size for the North American Phase 17 campaign evaluation.

10,317 Australians registered on the website during the period of peak activity and the response rate was high at 32.4 per cent. Ninety-three per cent of the respondents completed the survey, leading to a sample size for analysis of 3,344.

The total number of website visits by Australians during the peak activity period of the campaign was 25,171. The proportion of unique visitors to the Visit London website during the campaign period was 84.4 per cent and the bounce rate was 38.0 per cent. This leads to a total population of 13,175. To facilitate assessment of the alternative 'website only' counterfactual position later in the analysis we estimate (using a question which asks how respondents found the website) that only 15.1 per cent of hits were as a direct result of campaign advertising[17], hence 21,370 website hits were not as a direct result of Visit London's traditional campaign advertising.

Table 19: Survey details for Australian campaign

Number of Australians who registered on www.visitlondon.com during campaign period	10,317
Number of those who registered that completed or part completed the survey	3,598
Number of survey completers	3,344

[17] This is however the highest rate of the three campaigns being evaluated. The conversion rate of website registrations to survey completions was also the highest of the three campaigns.

ii) Population estimate

Table 20: Derivation of population estimate for Australian campaign

a) Total number of visits to www.visitlondon.com from Australian IP addresses during campaign period	25,171
Total number of global visits to www.visitlondon.com during campaign period	1,934,042
Total number of global unique visitors to www.visitlondon.com during campaign period	1,632,756
b) Assumed unique visitor percentage	84.4%
c) Bounce rate from Australian visits in campaign period	38.0%
Population estimate – population exposed to www.visitlondon.com from campaign advertising [a*b*(1-c)]	**13,175**
Proportion of sample first finding out about www.visitlondon.com website from campaign advertising	15.1%
Population exposed to www.visitlondon.com from campaign activity only	3,801

iii) Estimation of actual and potential visits

Questions in the enhanced conversion survey supply us with the number of individuals that have made a visit to London in the last 15 months and the number that plan to make a visit in the next 12 months. We applied the percentage of individuals reporting that they made (or planned) to visit to our population estimate to estimate the total number exposed to Visit London advertising material and making a visit. These numbers are also derived using the population not due to Visit London advertising for use later in the website only counterfactual analysis.

Estimates of the number of individuals that made a trip within the last 15 months are considerably more certain than for those planning to make a trip and these two estimates are kept separate. To account for this uncertainty, the enhanced conversion survey asks those planning to make a visit to estimate the probability that their visit will take place. Responses to this probability question are used to deflate the total number of trips that were planned.

Applying these methods and adjusting results to reflect party size and multiple visits (assessed within the survey) produces an estimate of 9,000 gross actual visits. The equivalent calculation for those planning a visit (with adjustment for the probability of visit) generates an estimate of 5,400 gross potential visits. Estimates based on the exposed population of website hits not due to Visit London campaign activity, for use later in the website only counterfactual analysis, was 7,600 gross actual visits and 4,600 gross potential visits.

Average party size for visits made was 2.08 and an average of 1.23 trips per year was made. Average party size for planned visits was lower at 1.58 and the estimated probability of planned trips being made was 69.3 per cent.

iv) Additional expenditure

To estimate gross expenditure we apply average expenditure per visitor to the total number of gross actual and potential visitors. Average expenditure per visitor was calculated from the results of the survey that asked respondents that had visited in the previous 15 months how

much they had spent on their trip in six categories and how many people this expenditure covered. It is assumed that the average spent by this cohort would be identical for those that are planning a trip in the next twelve months (therefore this does not take account of inflation. The dataset was reviewed to check for outliers; however no cases were removed from this analysis. Only reported spending was assessed; where there were missing cases it has been assumed that average spending would have been made.

The six categories of spending used were accommodation; eating and drinking; shopping; entertainment; transport; and other. Using the most recent Annual Business Survey (ONS) data, the GVA of the spending was calculated by deriving a GVA:turnover ratio for the relevant SIC codes that this spending represents.

For the Australian campaign, gross actual expenditure has been estimated at £13.4 million and gross potential expenditure of £8.1 million. The largest proportions of spending were on accommodation (32 per cent); and eating and drinking (21 per cent). As with the estimates of gross visits, these expenditure figures do not reflect the effect of Visit London's activity over and above what would have happened anyway.

The survey does not specifically look to estimate spending of visitors in London and the rest of the UK. However using responses on the split of nights between London and the rest of the UK. As referenced in our previous analysis, this is a crude method and is likely to underestimate average expenditure and economic benefits to London. Average expenditure per visitor is estimated at £645 in London compared with £1,499 in total (London and the UK).

v) Assessment of the additionality of visits and expenditure

This is the key step in determining the economic impact – the extent to which visits would have been made in the absence of marketing. The survey uses additionality ratios to the estimates of gross actual and potential visits, each response to the question is assigned a different weight. A weight of zero indicates total deadweight (the trip would have been made regardless) and a weight of one indicates total additionality (without advertising material the trip would not have been made.

Our results indicate that for visits made in the last 12 months, 5.5 per cent of these trips were additional; for planned visits, 9.1 per cent of the trips would be additional. These results imply that almost 19 in every 20 actual trips and 9 out of every 10 planned visits would have been made anyway.

Applying these additionality ratios to the gross actual and planned visits, leads to an estimate of 490 additional actual visits and 490 additional potential visits – approximately 990 additional visits in total (disparity due to rounding). Using the estimated average expenditure per visitor, the estimated additional expenditure was £0.7 million from actual visits and £0.7 million from planned visits – a total of £1.5 million (disparity due to rounding).

To assess the website only counterfactual, the percentage of the sample that found the website directly from Visit London advertising, it is calculated that 220 visits and £0.3 million of expenditure was as a direct result of campaign advertising.

We also estimate the additional expenditure of those visitors that extended their pre-existing visit as a direct result of Visit London promotional activity. Average expenditures per night were applied to the additional nights to those that were encouraged to stay for longer than initially planned. There are issues around whether respondents are able to accurately self report information on the number of extra nights they would have stayed as a result of Visit London activity, however the dataset was examined to check for potential outliers and no cases were removed from this analysis. A total of 1,900 additional nights were estimated on actual and planned visits; using the survey data on average expenditure per night (£75), it is estimated that additional expenditure from visitors extending their stays due to Visit London activity was £0.14 million.

vi) Estimation of total additional expenditure and GVA

Adding the additional expenditure of those encouraged to stay longer to that from those encouraged to visit produces an estimate for total additional expenditure of £1.6 million. After incorporating the 20 per cent non-response bias adjustment, this leads to a final estimate of £1.3 million for overall additional expenditure. Based on the impact of campaign advertising over and above the website alone, additional expenditure is estimated at £0.4 million.

We have assumed that 50 per cent of expenditure would have been subject to VAT of 20 per cent and therefore this element should be subtracted from the totals. This leads to additional expenditures of £1.2 million from overall activity and £0.3 million from campaign activity over and above the website (note due to rounding).

Since not all expenditure represents an economic impact in terms of GVA (as firms need to procure intermediate inputs, for example, a restaurant purchasing ingredients), the estimates of additional expenditure are converted into GVA using GVA to turnover ratios from particular SIC codes within the Annual Business Survey (ONS). Using these ratios for the individual components of expenditure, it is estimated that the additional GVA associated with the Australian campaign is £0.5 million. Additional GVA from campaign activity alone is estimated at £0.1 million.

Table 21: Additional visits, expenditures and GVA estimates for Australian campaign

	Overall Activity	Campaign Only
Step 1 - Population Exposed to the Visit London Website	13,000	4,000
Step 2 - Gross Visits (Thousands)		
Actual	9	-
Potential	5	-
Total	14	-
Step 3 – Gross Expenditure (£ millions)		
Actual	13	-
Potential	8	-
Total	22	-
Step 4 – Gross to Net Additionality Percentage		
Actual	5.48%	5.48%
Potential	9.13%	9.13%
Step 5 – Additional Impacts (number; £ millions)		
Additional Visits - Actual	490	120
Additional Visits - Potential	490	100
Total Additional Visits	980	220
Additional Expenditure - Actual	0.7	0.2
Additional Expenditure - Potential	0.7	0.1
Total Additional Expenditure	1.5	0.3
Additional Nights of those encouraged to stay longer	2,000	-
Additional Expenditure of those encourage to stay longer	0.1	-
Total Additional Expenditure	1.6	0.5
Non-response adjustment bias	-20%	-20%
Total Additional Expenditure adjusted for non-response bias	1.3	0.4
Step 6 – VAT		
Percentage of expenditure estimate eligible for VAT	50%	50%
VAT Rate	20%	20%
Final Additional Expenditure (£ millions)	1.2	0.3
Step 7 – Conversion to GVA		
GVA to Turnover Ratio	40.0%	40.0%
Total Additional GVA (£ millions)	**0.5**	**0.1**

Source: Visit London enhanced conversion survey and GLA Economics calculations

a) Cost-benefit analysis

This section assesses the overall value for money of Visit London activity that took place during the peak activity period of the Australian campaign using estimates of the expenditure related benefits as well as the variable costs of the campaign and the necessary fixed costs of Visit London activity required to enable campaigns to take place. Along with costs incurred to Visit London, there are two other areas of activity that can be quantified using the results of the survey; Exchequer receipts and carbon costs.

The ECOTEC methodology study indicated that cost-benefit analysis should be presented with and without the inclusion of carbon costs to highlight the impact of including these

costs in the policy and decision making process. Policy and decision makers may choose to utilise the analysis with or without carbon costs depending on their view of how carbon emissions from tourism related transport (particularly air transport) should be incorporated within efforts to reduce overall carbon emissions globally.

i) Variable and fixed costs of marketing activity

Using data provided by London & Partners, Table 22 provides details of the programme spend for the North American Phase 18 campaign:

Table 22: Variable costs of Australian campaign

Grant Spend	£50,000
Match Funding	£1,521
Total Variable Costs of Campaign	**£51,521**

Any cost-benefit analysis must take account of the fixed costs of activity. Without expenditure in areas such as building rents, IT, HR, legal costs and other overheads, no destination marketing activity can take place, hence we have used the proportion of total net Visit London expenditure that this campaign represents as the basis for the allocation of fixed costs of the campaign. Further exploration into a more detailed breakdown of staff, building and IT costs is ongoing and is recommended for future evaluation in this area.

Table 23: Fixed cost calculation for Australian campaign

Total non-campaign costs for 2009-10 financial year	£6,757,196
Proportion of total net Visit London expenditure	0.3%
Total Fixed Costs of Campaign	**£23,345**

Total Costs of Campaign	**£74,866**

ii) Exchequer receipts

Exchequer receipts are generated through VAT and Air Passenger Duty, these are relevant at the national level. GVA estimates are based on additional visitor expenditure excluding VAT. The VAT paid by overseas residents originating from within the EU and a proportion of that paid by overseas residents from outside of the EU represents exchequer benefits that can be included in the CBA. Residents of non-EU countries can potentially claim back the VAT paid on their purchases and this is also accounted for in the CBA.

VAT receipts for inclusion in the CBA are estimated by multiplying additional expenditure by the VAT rate (the 20 per cent rate has been used for this paper). Based on the survey it is estimated that 8 per cent of VAT is reclaimed and it is assumed that 50 per cent of expenditures would be eligible for VAT (as recommended by ECOTEC).

It is estimated that the additional VAT relating to the campaign was £0.16 million and that £0.01 million was reclaimed; this leads to an estimated net VAT benefit of £0.15 million. From campaign activity alone the net additional VAT receipt benefit was estimated at £0.04 million, incorporating a £3,000 reclaim.

Overseas visitors to London pay Air Passenger Duty on their return flights; this cost is not captured in the estimates of additional expenditure and GVA since the survey does not capture the costs of travel to and from London (only the costs of travel whilst visitors are in London).

It is assumed that Air Passenger Duty receipts are based on airline seats for which lower Duty rates apply (typically economy class) and uses rates that were in operation from November 2009 to October 2010 for actual visits and rates since November 2010 for potential visits. The estimated Air Passenger Duty revenue in the campaign period was £0.07 million on overall activity and £0.01 million based on campaign activity alone.

Taking VAT and Air Passenger Duty receipts together leads to an estimate of total exchequer receipts of £0.22 million from overall activity and £0.06 million based on campaign activity alone.

iii) Carbon costs

Where visitors have been encouraged to visit a location as a consequence of destination marketing, there is a social cost in terms of the carbon emissions associated with land, air and sea transport. The ECOTEC study suggested that the cost-benefit analysis should value CO_2 costs in line with Department of Energy and Climate Change (DECC) guidance, the most recent guidance published in October 2011.

The survey asks respondents to provide details of their home region. With this data, the "as the crow flies" distance between the largest urban population in that region and London is taken as the proxy for the distance travelled by the respondents. Average carbon emissions per visitor are then estimated using the Defra data on the CO_2 emissions per mile of long haul air transport. The total additional carbon emissions from actual and planned visits is then multiplied by the social cost of carbon to monetise the cost of carbon emissions as a result of the marketing campaign.

It is estimated the social cost of carbon emissions associated with the Australian campaign is £0.11 million based on overall additional visits and £0.02 million based on campaign activity only.

iv) Results

Table 24 provides a summary of the costs and benefits of the Australian campaign (from the UK perspective). The costs and benefits shown are for overall activity in the campaign period and relate to campaign activity over and above the website. Analysis of campaign activity requires subtracting the costs and benefits associated with the website only counterfactual from the costs and benefits of overall activity. Discounting has not been applied to the values in the table as the impacts using the survey approach are all in the short term.

Table 24: Summary of benefits and costs calculations for Australian campaign

(£ millions)	Overall Activity	Campaign Activity separately
Benefits		
GVA from expenditure	0.47	0.13
Exchequer receipts	0.22	0.06
Total Benefits	0.68	0.19
Costs		
Variable costs	0.05	0.05
Fixed costs	0.02	0.02
Carbon costs	0.11	0.02
Total Costs		
Including carbon costs	0.19	0.10
Excluding carbon costs	0.07	0.07

Table 25 provides the headline estimates of the net present value (NPV) and benefit-cost ratio (BCR) derived to overall Visit London activity and campaign activity respectively.

Table 25: Headline NPV and BCR of overall activity (at UK level) for Australian campaign

Net Present Value (inc. carbon costs)	**£0.50 million**
Net Present Value (excl. carbon costs)	£0.61 million

Benefit-Cost Ratio (inc. carbon costs)	**3.65**
Benefit-Cost Ratio (excl. carbon costs)	9.12

Table 26: NPV and BCR associated with campaign activity separately for Australian campaign

Net Present Value (inc. carbon costs)	£0.09 million
Net Present Value (excl. carbon costs)	£0.12 million

Benefit-Cost Ratio (inc. carbon costs)	1.92
Benefit-Cost Ratio (excl. carbon costs)	2.55

6. Meta-evaluation of Visit London destination marketing campaigns (2009 – 2010)

This section evaluates the aggregate impact of the three campaigns. This evaluation covers 31.4 per cent of total net Visit London expenditure for 2009/10, so it cannot be concluded that our findings represent an overall return on investment for all Visit London activity, but it does provide an enhanced analysis into the returns of destination marketing activity.

i) Total benefits of campaign activity

Table 27: Calculation of total benefits of all campaigns

(£ millions)	Overall Activity	Campaign Activity Separately
GVA from Expenditure		
North America	3.32	0.69
Europe	19.64	5.41
Australia	0.47	0.13
Exchequer Receipts		
North America	1.71	0.32
Europe	7.00	1.77
Australia	0.22	0.06
Total Benefits	**32.35**	**8.39**

ii) Total costs of campaign activity

The following shows the aggregation of campaign and carbon costs across all campaigns. For fixed costs, we aggregate the fixed costs of each individual campaign

Table 28: Calculation of total costs of all campaigns

(£ millions)	Overall Activity	Campaign Activity Separately
Variable Costs		
North America	1.31	1.31
Europe	3.31	3.31
Australia	0.05	0.05
Fixed Costs	2.12	2.12
Carbon Costs		
North America	0.54	0.08
Europe	0.73	0.13
Australia	0.11	0.02
Total Costs		
Including Carbon Costs	**8.18**	**7.03**
Excluding Carbon Costs	**6.79**	**6.79**

iii) Cost-benefit analysis

Table 29: NPV and BCR of overall Visit London activity

	UK Level	London Level (excluding exchequer receipts and rest of UK spend
NPV (£ millions)		
Including Carbon Costs	**24.17**	7.02
Excluding Carbon Costs	25.56	8.40
BCR		
Including Carbon Costs	**3.96**	1.86
Excluding Carbon Costs	4.76	2.24

Table 30: NPV and BCR of campaign activity separately

	UK Level	London Level (excluding exchequer receipts and rest of UK spend
NPV (£ millions)		
Including Carbon Costs	1.39	-2.98
Excluding Carbon Costs	1.59	-2.74
BCR		
Including Carbon Costs	1.19	0.58
Excluding Carbon Costs	1.23	0.60

Measures are shown separately for analysis undertaken at the UK and London levels. The measures for London differ from those for the UK in that they do not include exchequer receipts and are based on GVA benefits derived from estimated average expenditure per visitor in London only and not the whole of the UK. The method by which average London expenditure has been estimated is crude and likely to underestimate average expenditure and economic benefits to London. As a result the figures here may underestimate returns to London versus those for the UK as a whole.

The quantitative results of the meta-evaluation show that destination marketing activity provides net benefits to society. Compared to total costs of £8.29 million, campaign activity led to total GVA and Exchequer benefits of £32.35 million; leading to a net benefit of £24.17 million. The benefit-cost ratio shows that, at the UK level of overall Visit London activity, for each £1 of public sector investment, destination marketing activities deliver £3.96 of benefit to society. When assessed at the London level (by removing Exchequer receipts and spend in the rest of the UK), the net present value of these campaigns was £7.02 million; a benefit-cost ratio of 1.86. This suggests that these activities represent good value for money relative to other public sector interventions.

iv) Headline analysis of individual campaigns

Our analysis has shown that there are some disparities between the campaigns in terms of their relative performance:

Table 31: Ranked NPVs of individual campaigns (across all Visit London activity, including carbon costs)

Europe	21.09
North America	2.59
Australia	0.50

Table 32: Ranked NPVs of individual campaigns (campaign activity separately, including carbon costs)

Europe	2.24
Australia	0.09
North America	-0.97

While the use of net present values provides the absolute magnitude of the net benefits of campaigns, an alternative measure is the benefit-cost ratio, which allows the scale of returns across campaigns to be compared.

Table 33: Ranked BCRs of individual campaigns (across all Visit London activity, including carbon costs)

Europe	4.80
Australia	3.65
North America	2.06

Table 34: Ranked BCRs of individual campaigns (campaign activity separately, including carbon costs)

Australia	1.92
Europe	1.45
North America	0.51

The reasons for the European campaign having a significantly larger return on investment can be explained by a number of factors:

- Higher proportion of the sample having actually made a trip
- Higher gross to net additionality percentage
- Higher average party size
- Higher number of trips made
- The survey asks for trips made in the 15 months, not 12 months as asked in the North American survey
- No reclamation of VAT from expenditure

and specifically in the case of the Australian campaign;

- Higher proportion of respondents first finding out about the website from campaign advertising (separate campaign activity results only)

More detail into the scale that these individual factors can be found in Annex 2.

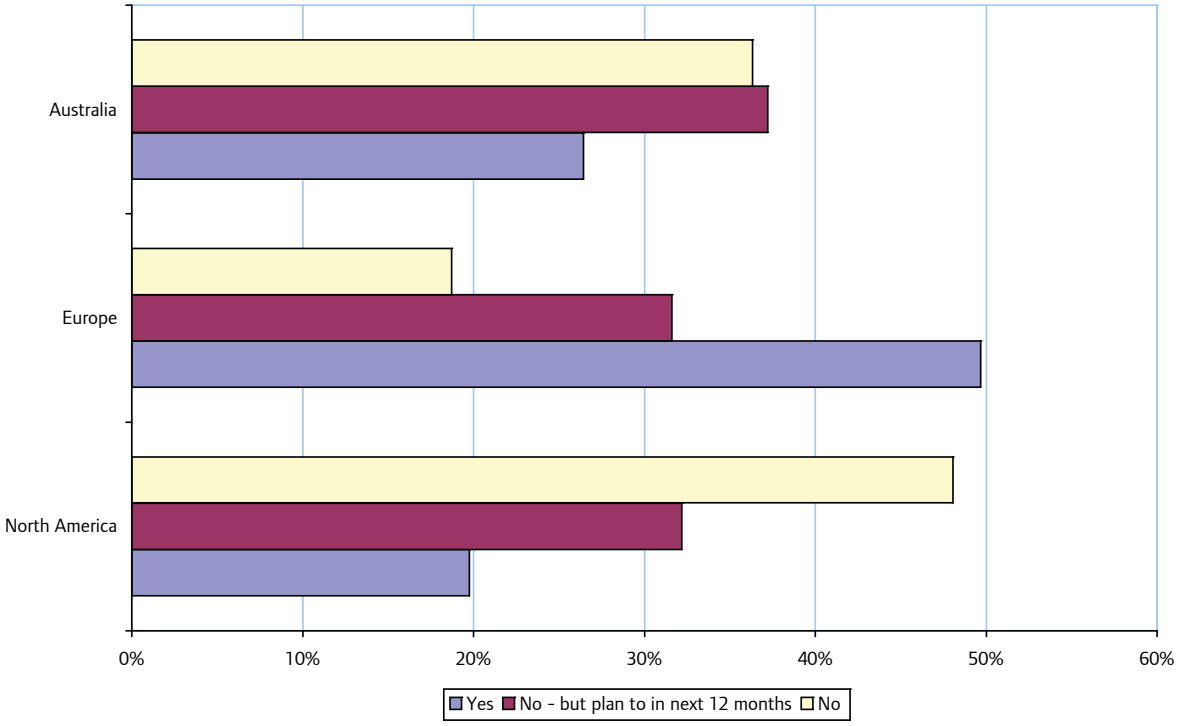
7. Qualitative analysis

a) Survey findings

i) Sample make-up

Question 1: Have you made a trip to London in the last twelve months?[18]

Chart 1: Sample breakdown for individual campaigns



A considerably larger proportion of the sample in Europe reported that they had made a trip to London in the last 15 months; proportions for those planning to make a trip are relatively equal. The consequence of a higher proportion having made or planning to make a trip is that a larger proportion of the sample would have their actual (or planned) expenditure contributing to total benefits, as shown in Chart 2.

[18] Question in European and Australian survey referred to trips made in the last 15 months.

Chart 2: Proportion of sample having made or planning to make a trip

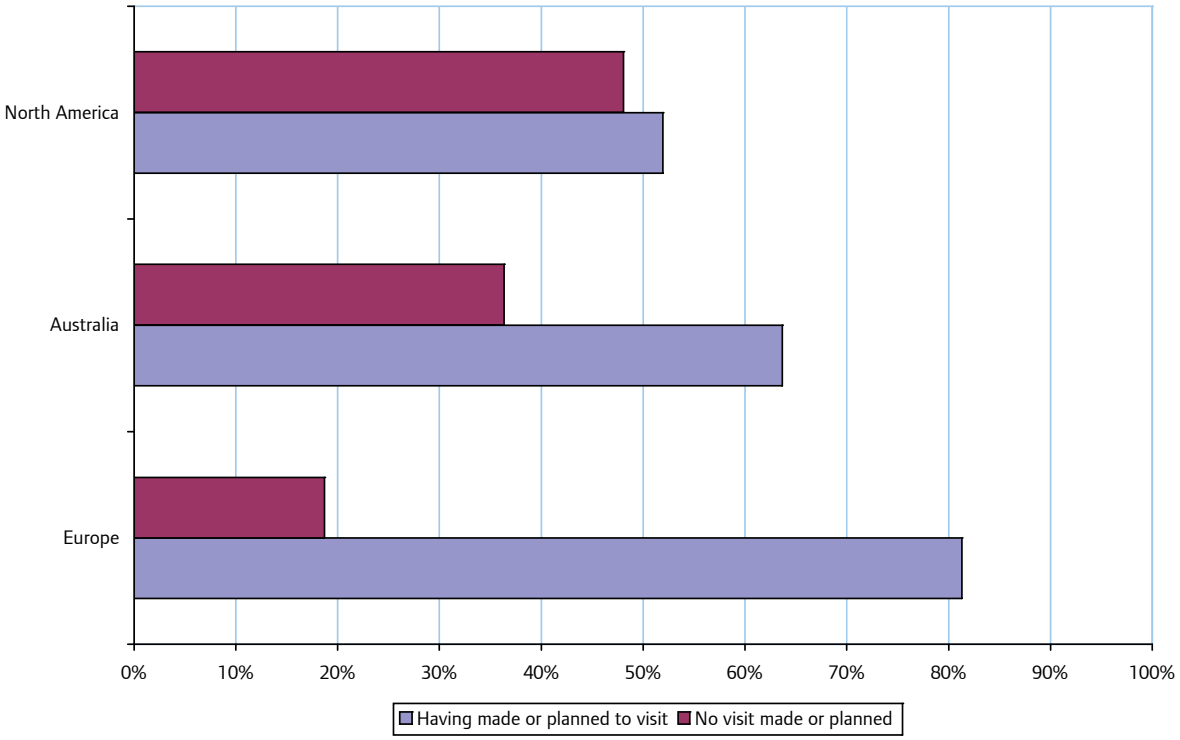


Table 35 shows that a greater proportion of the Australian sample reports that a planned trip is likely to go ahead. This is partly intuitive due to the long haul nature of the trip and the higher proportion of the sample that state their reason for visit as visiting friends or relatives.

Table 35: Probability that a planned visit will go ahead:

Market	Probability a planned trip will go ahead
Australia	69.3%
North America	63.2%
Europe	59.9%

ii) Website statistics

Statistics have been collected for traffic and website registrations on the Visit London website during the peak activity periods for each campaign. The data shows a significantly higher level of traffic from European IP address compared with the other markets. Therefore there will be a much larger population who would have been potentially exposed to marketing materials.

Table 36: Dates of peak activity and website statisitics

Market	Peak Activity Duration	Website Registrations	Website Visits
Europe	157 days	14,550	1,219,750
North America	51 days	57,096	292,485
Australia	64 days	10,317	25,171

iii) Gross to net additionality

The proportion of trips that are additional can be seen as a measure of the effectiveness of advertising materials. Despite these additionality ratios appearing low, they are intuitive. London as one of the truly global cities would have "brand value" and notoriety, so would naturally attract a large amount of tourists. Lower additionality ratios in North America and Australia can also be explained by the common language and significant ex-pat populations in these countries. Higher additionality ratios have a positive impact on the total net benefits side of the equation and therefore partly explains the greater value for money of advertising in the European market.

Table 37: Percentage of additional trips by market

Market	Those that have made a trip	Those planning to visit
Europe	8.0%	14.3%
North America	6.1%	11.8%
Australia	5.5%	9.1%

iv) Party size and frequency of visit

The data shows a greater frequency of visit and larger party sizes from the European market compared to the North American and Australian markets. This also partly explains greater returns on investment from the European market as a greater number of additional visits leads to greater overall expenditure. These results are also to be expected due to the closer proximity of the European market. This is captured in the survey data as there are a number of large parties reported (e.g. coach tours).

Table 38: Party sizes and number of trips made by market (those that have reported making a trip)

Market	Average Party Size	Average number of trips made
Europe	2.56	1.64
North America	2.10	1.25
Australia	2.08	1.23

v) Average total expenditures per person

Table 39: Expenditure estimates by market

Market	Total Expenditure per person	Average expenditure per night
Europe	£423	£65
North America	£907	£88
Australia	£1,499	£75

vi) Influence for visit

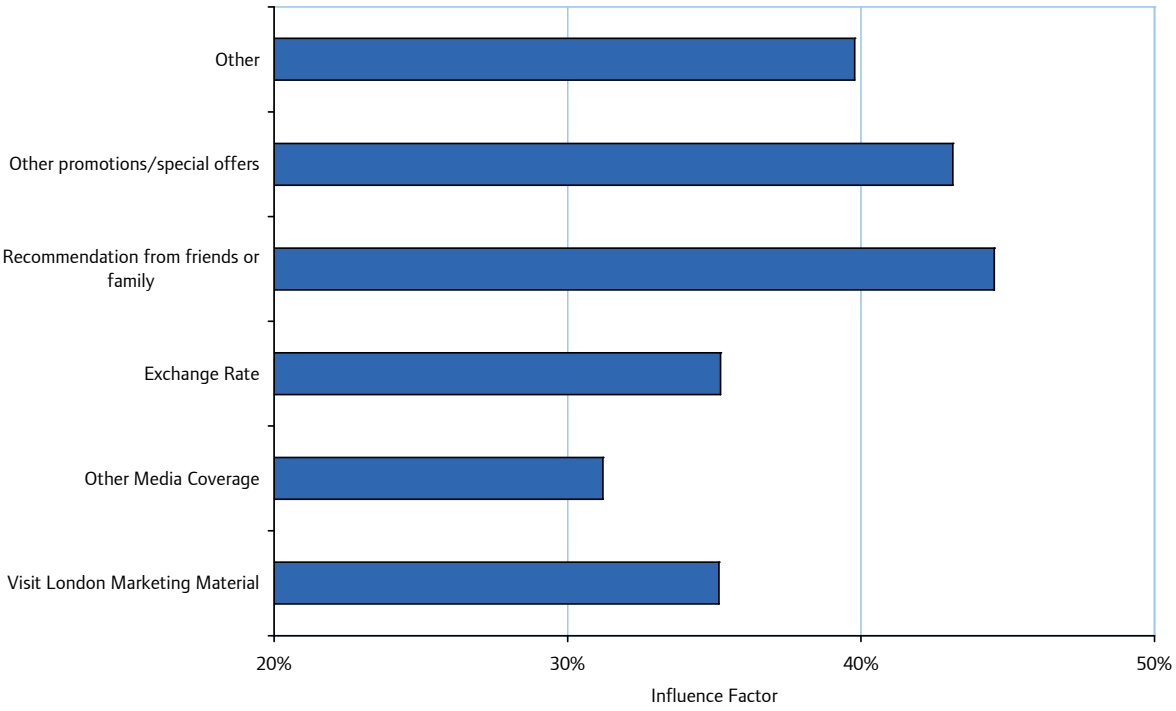
This section uses responses to determine the extent to which Visit London material impacted on a person's reason for visit. By using derived influence weights for responses, relative visitor intentions can be ranked[19].

Question 53: What influence did the following have on your decisions/plans to visit London?

Table 40: Responses and derived weights

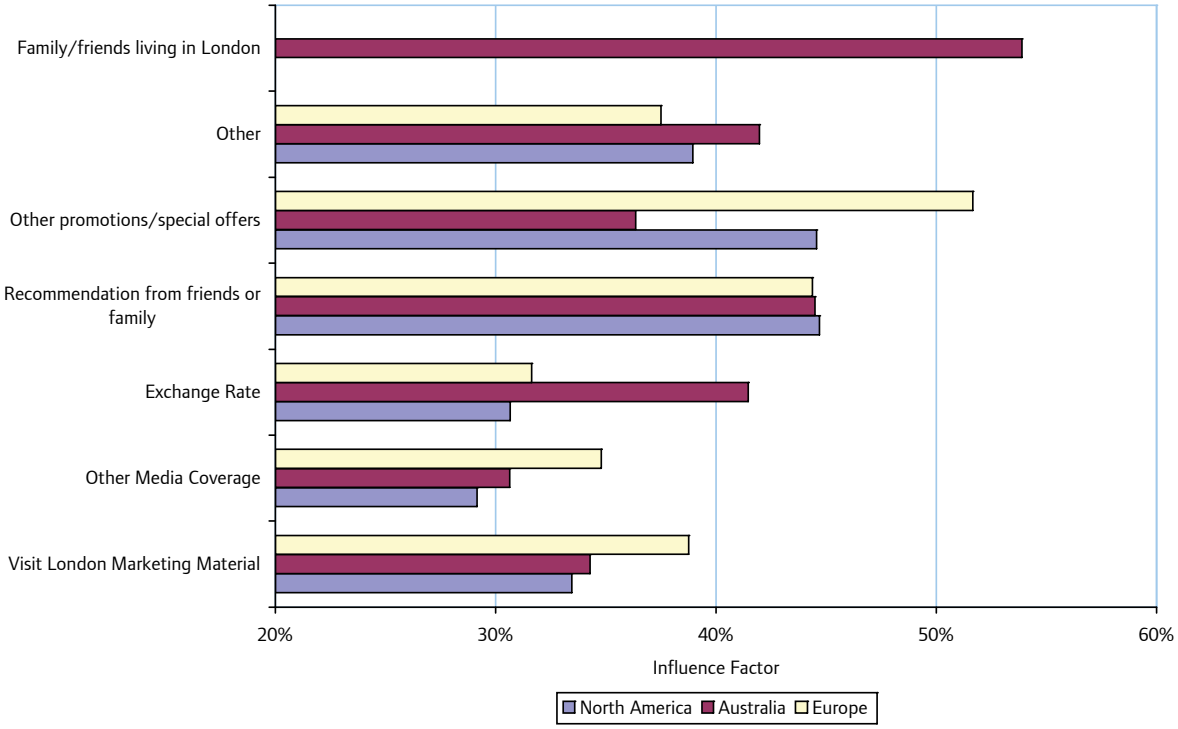
No influence	0.00
Weak influence	0.25
Moderate influence	0.50
Strong influence	0.75
Very strong influence	1.00

Chart 3: Influence factors for all markets combined:



[19] Note that surveys and responses were not fully uniform across markets (for example family/friends living in London in Chart 4). A recommendation for future evaluations would be to ensure uniformity in the survey questions and responses.

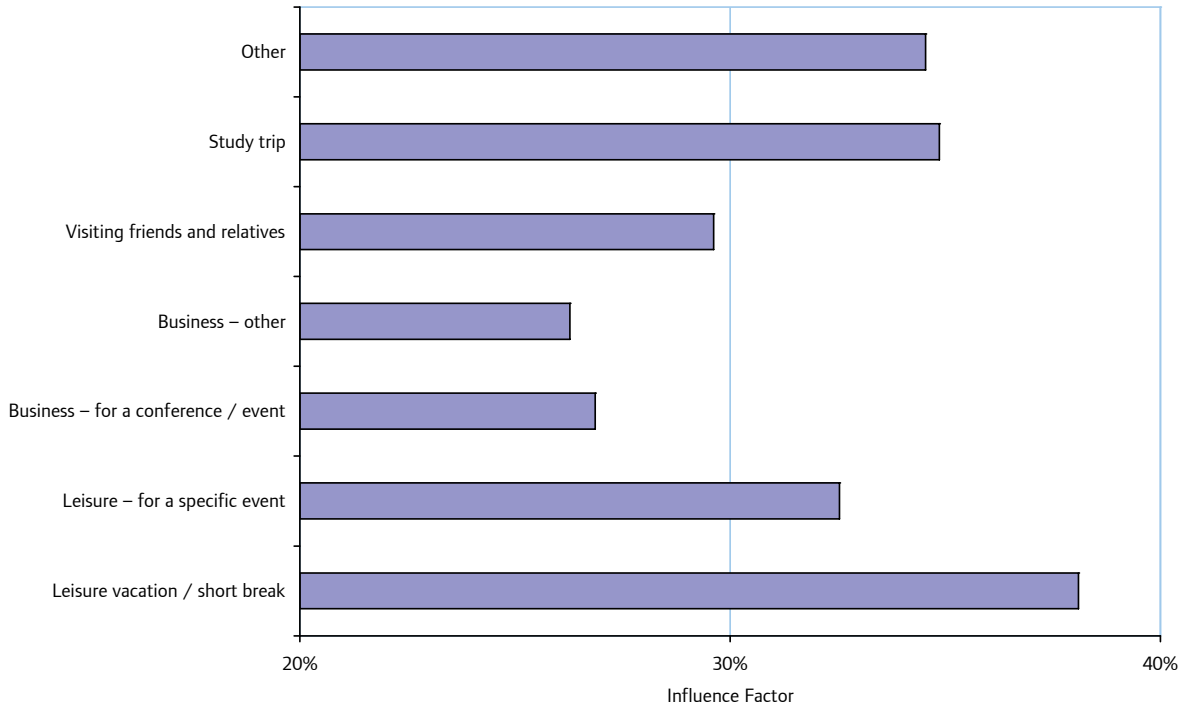
Chart 4: Influence factors by market



vii) Influence of marketing material by visitor type

The surveys allow for an analysis of the impact of Visit London promotional material based on the type of visit, using similar weights as in section (vi). The results are presented for all evaluations as a whole (however it should be noted that the sample sizes for some types of visit are low and should therefore be treated with caution).

Chart 5: Derived influence of marketing material based on reason for visit



The analysis finds that destination marketing aimed at leisure tourists does have some impact in other areas, such as in educational visits (which may then lead into future study in London's universities) and, to a lesser extent, for business tourism.

viii) Advert recognition

The following charts outline the proportion of those surveyed who have recognised campaign advertisements.

Chart 6: Proportion of sample who have recognised marketing material – those who have made a trip in the last 12/15 months

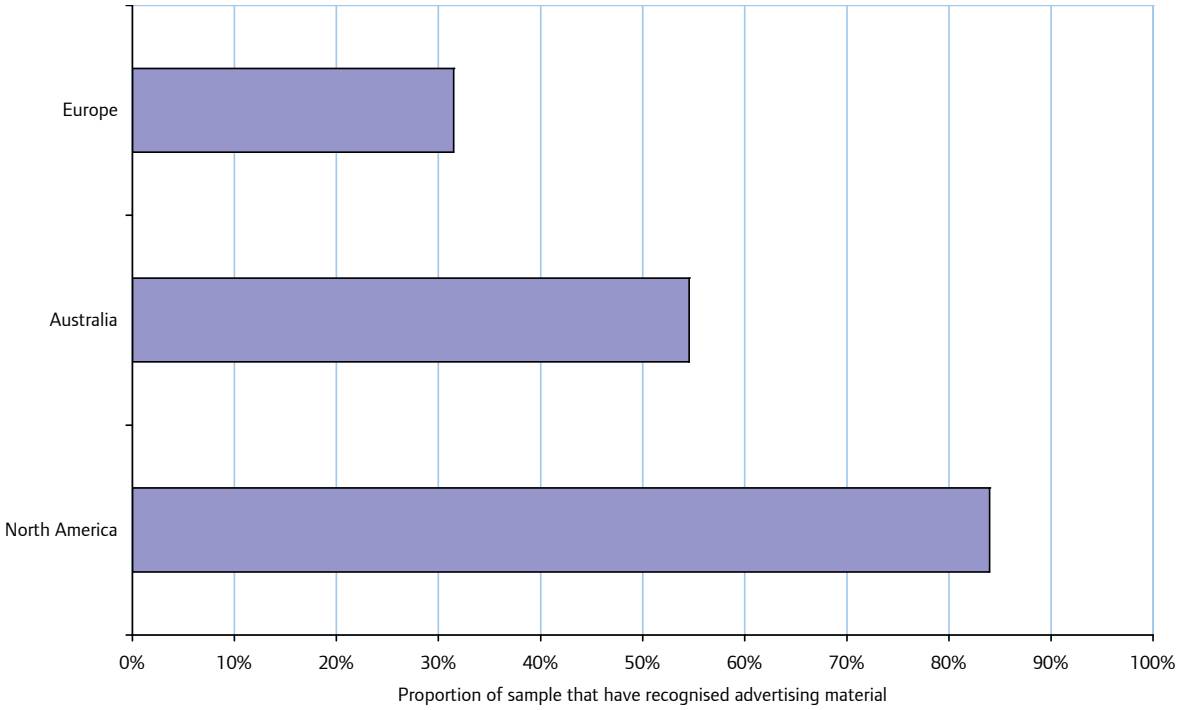
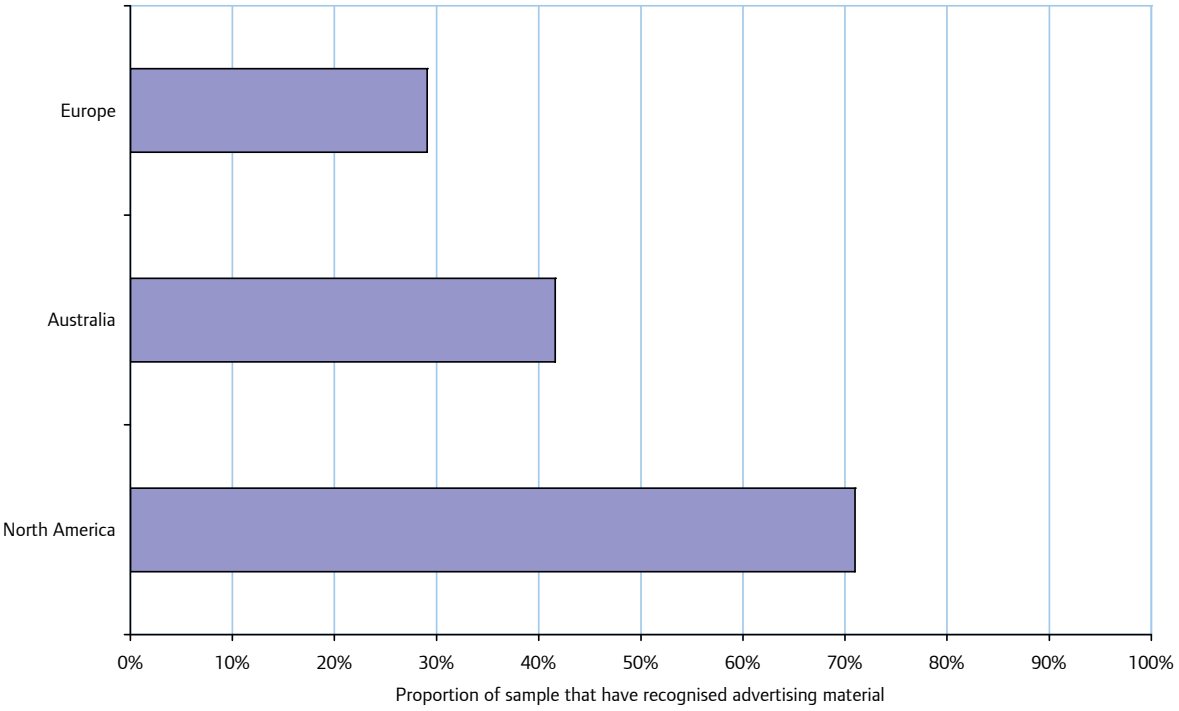


Chart 7: Proportion of sample who have recognised marketing material - those who intend to make a trip in the next 12 months

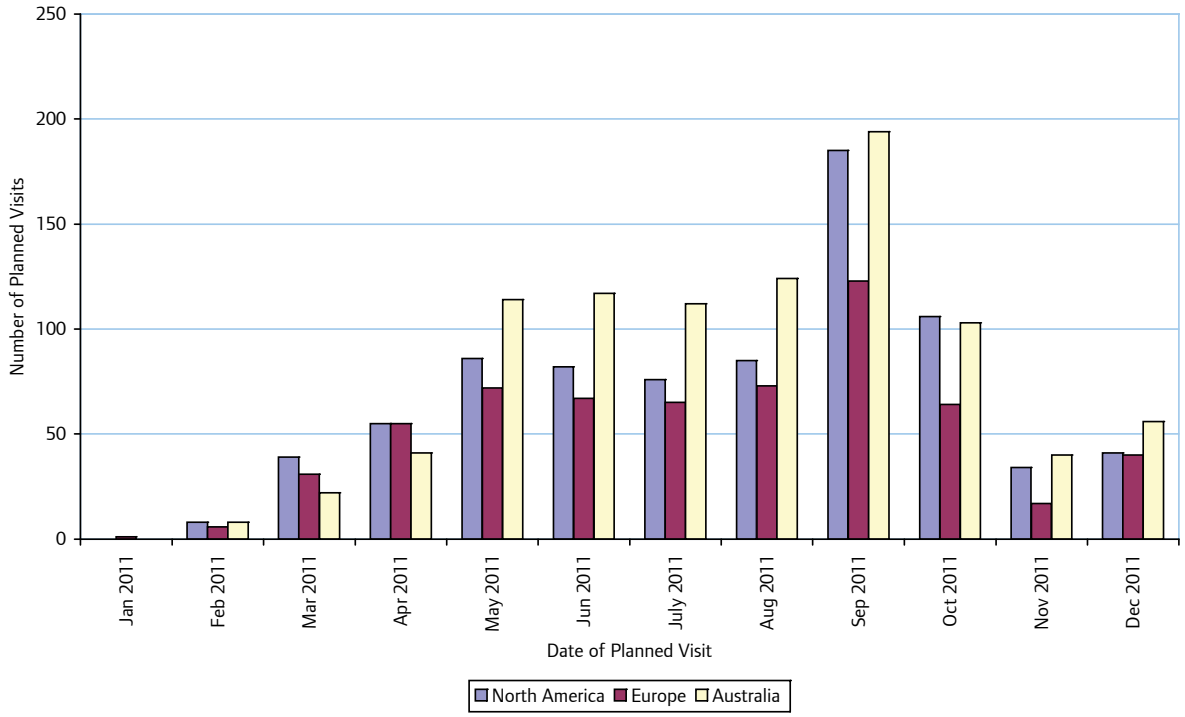


ix) Crowding out

A recommendation of our previous analysis was to investigate whether there was a potential risk that domestic tourists could be crowded out during peak domestic tourism periods. This is examined through charting the distribution of when planned trips were expected to go ahead. This however should be seen as only a partial analysis into this area and could be examined in more detail through case studies or surveys of domestic tourists.

Chart 8 shows however limited evidence that international tourists predominantly take trips in the traditional domestic peak months (July, August and December), hence it assumes that there may be less crowding out than could be expected. However it should be remembered that since trips take time to plan and that these surveys were conducted in January and February 2011, then it is possible that it could underestimate the volume of trips taken in the domestic peak period.

Chart 8: Frequency of planned visits by calendar month



b) Research questions

The research brief for these evaluations have looked to assess the relative effect of marketing in different ways, including through economic and qualitative methods. The findings are used to inform into areas where future surveys should explore further, potential limitations of the current methodology and to confirm the economic impact assessment findings. It also can provide indication of what works in destination marketing and what does not.

These evaluations looked to answer the following research questions:

- Were search engines the driver of visits to the Visit London website?
- Is there one particular type of advertising that has more effect than others?
- How significant are major events such as the Royal Wedding and Olympic Games?
- What common themes can be drawn from free text answers?
- Are peoples' motives for completing the survey based on entry to prize draws and competitions – hence are they similar in characteristics to tourists in general?

and in reference to North America;

- Is there statistical evidence of a change in the impact of advertising materials between the Phase 17 and Phase 18 campaigns?

i) Impact of Visit London website

These charts show the importance of search engines in drawing people to the Visit London website. While it is clear that this has a larger effect than for advertising materials alone, we are not able to separate out the impact of specific search engine advertising spend in these surveys. However it could be assumed that if the website has first been found through a

search engine, they are likely to have seen Visit London being at the top of the search results, therefore the advertising could be seen as effective.

Question 49: How did you find out about the www.visitlondon.com website?

Chart 9: Results for North American market

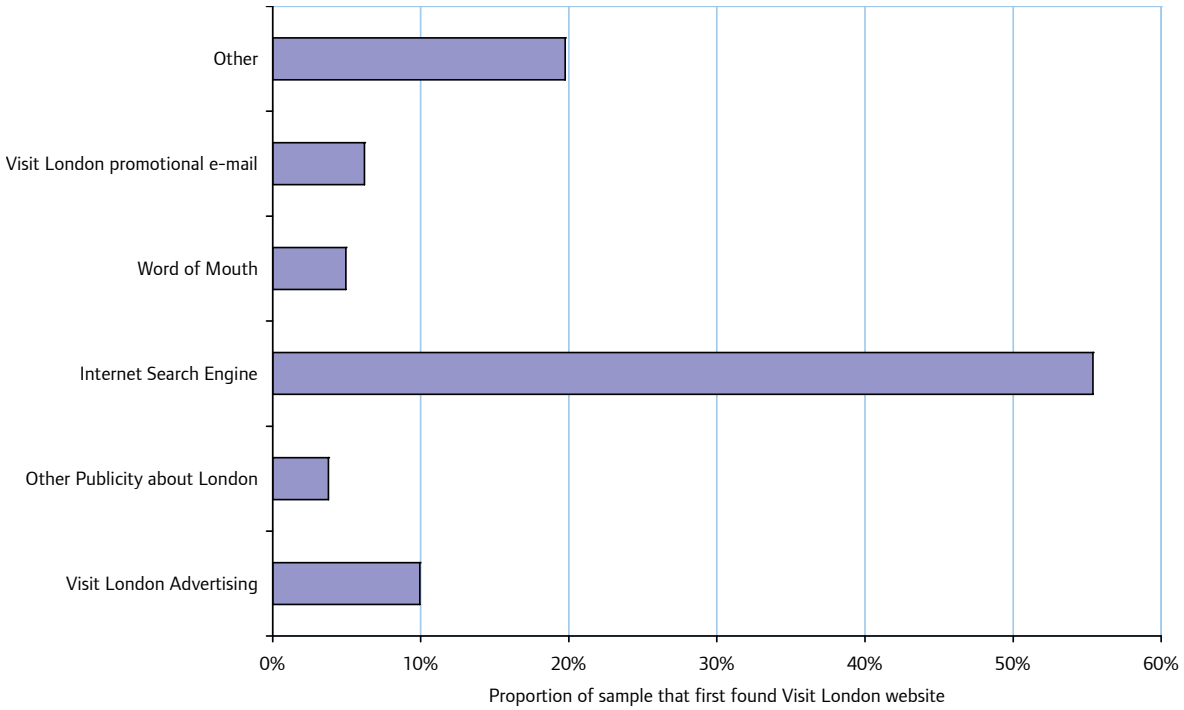


Chart 10: Results for European market

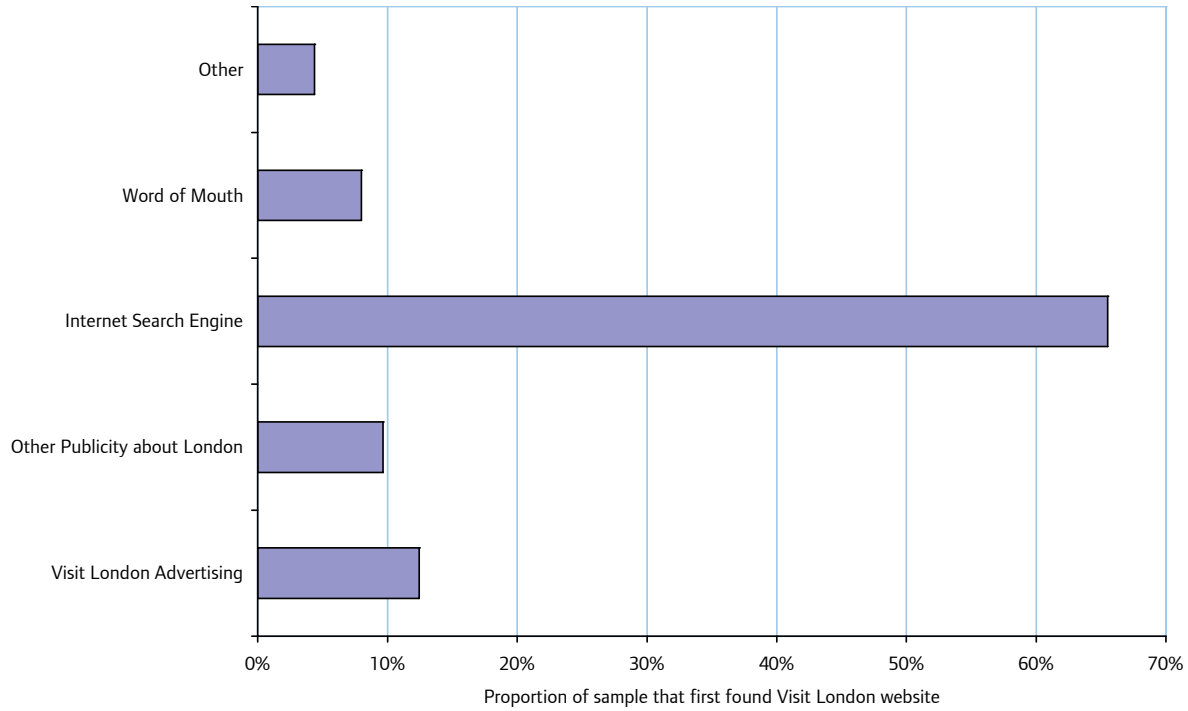
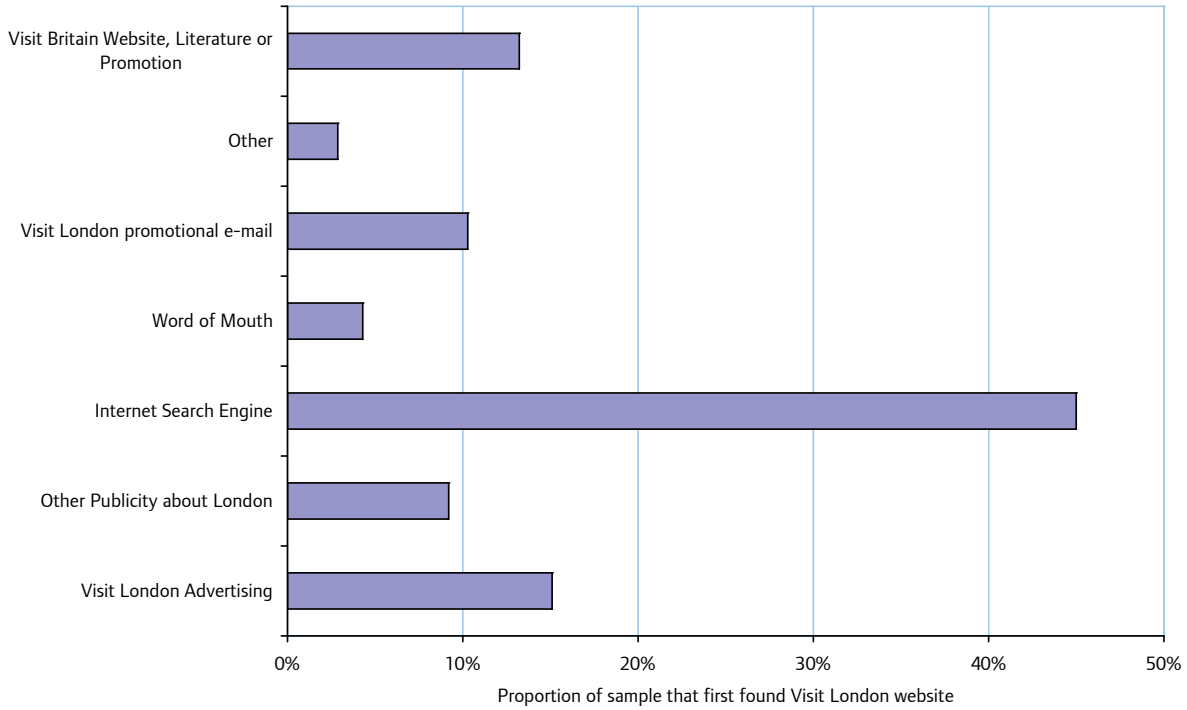


Chart 11: Results for Australian market

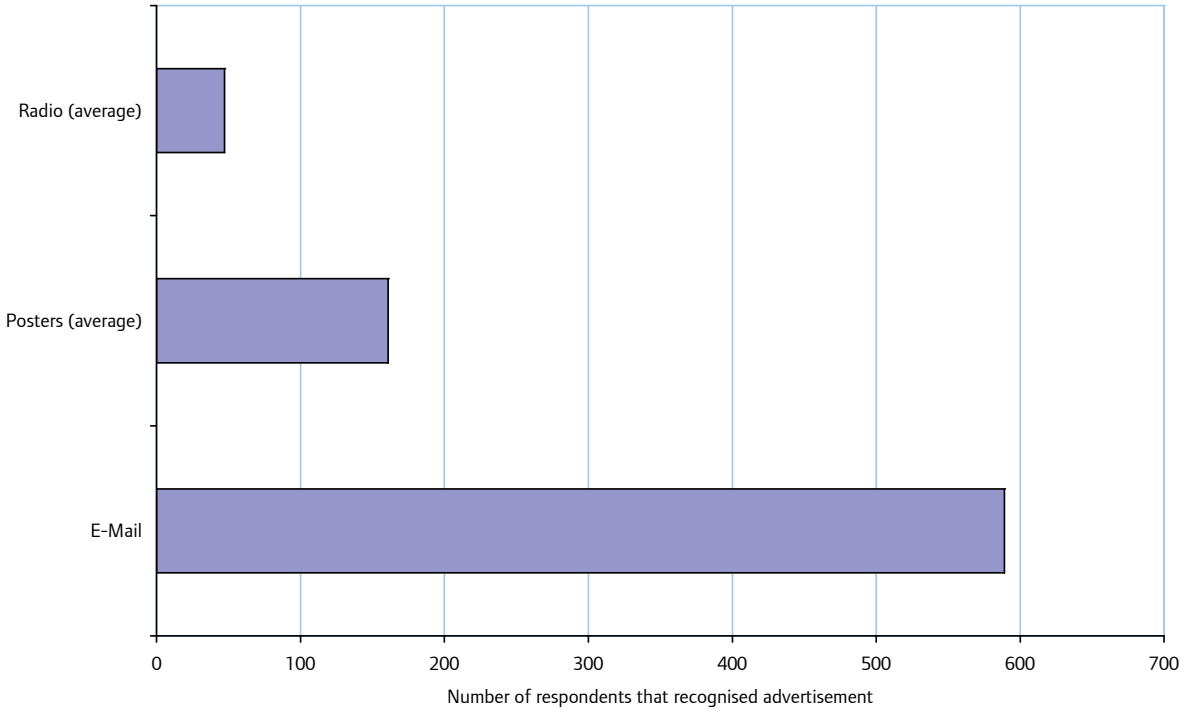


The data also shows the importance of other websites/media as a direct means of advertising London, however we cannot confirm whether these sources had direct reference to or links to the Visit London website, or whether these sources led to search engine requests and subsequent Visit London website visits.

ii) Recognition of advertising

Comparative analysis across markets is complicated due to differing advertisement methods used across countries within and across markets. Therefore, the chart here shows recognition of types of advertising in the North American context.

Chart 12: Advert recognition for North American Phase 18 campaign



The chart shows that e-mail based advertisements had the most recognition, a finding that is not surprising since this is an "opt-in" form of advertising (a person must physically click on the e-mail to see it). Visual posters are more recognised than radio adverts (a finding that is found across all markets)

There are however other issues relating to advertising which may explain not only the recognition of advertising, but also the propensity to take part in surveys. For example some markets are more responsive to online media than others, radio advertisements may be less recognised by survey responders as it can act as a more subliminal or subtler message, and digital based advertisements often have a lower recall versus TV or print advertising, although this does not necessarily mean however that it would have had less impact.

iii) Importance of major events

With the importance of major events as a means of showcasing London to the world, the survey data was analysed to test for a potential impact of events such as the Olympic Games and the Royal Wedding as an influence of encouraging tourism into London. The a priori expectations of London & Partners and GLA Economics is that major events do have a potential additional impact, however this has not been directly asked within the survey. Therefore, the free text answers have been analysed to capture references to major events.

Two questions relating to the reasons for visiting London were analysed for responses relating to the Olympic Games or the Royal Wedding, however there were only a small number of references, we therefore cannot conclude that these have had a significant impact. The surveys for these campaigns took place in early 2011 and related to trips made as much as 15 months earlier, so it can be expected these events would not be a significant

contributory factor in determining visits. Going forward, we would look to test for the impact of these events more directly.

iv) Analysis of free text answers

Analysis of the free text answers is made to identify areas which could be more explicitly questioned in future evaluation surveys. The free text questions relate to main reasons for visit to London, why people originally visited the website, how they originally found the website; and other influences in visiting London.

Our analysis of free text answers has found a growing proportion of references to social media websites. There was a significant growth in the number of references across the two North American campaigns. It is therefore our recommendation that the role of social media is asked more directly in future surveys.

v) Motivations for completion of surveys

Competitions and prize draws are often used as an incentive to increase the number of completed surveys. This was tested in the Australian and European surveys with a question as to why they first visited the Visit London website. This was not specifically asked in the North American survey (to assess this, the free text answers were analysed and it was found that just over 1 per cent of the sample referenced this as an "other" reason to visit the website.

Where this was directly asked in the survey, it was found that 24 per cent of the European sample and 17 per cent of the Australian sample first went to the Visit London website to enter a competition. After discussion with London & Partners and exploration into the additionality of visits for non-competition entry purposes only, it has been determined that there is no reason to not incorporate the responses that referenced a competition entry in their survey response therefore this assumes that they are equally as likely to have been influenced by marketing material as any other visitor[20]. It could however be used as a means of encouraging more people to complete the survey and hence increase the robustness of the analysis.

vi) Comparative analysis of North American campaign activity

This paper focuses on the findings of the North American Phase 18 campaign; GLA Economics Working Paper 46 looks at the previous campaign to this, and therefore some useful comparative analysis can be drawn to inform future campaigns.

The sample sizes of the two surveys is the most noticeable difference; the campaign which this evaluation is focused on had a survey size of just over 3,000 and the previous evaluation had a survey size of over 12,000. Despite this we would still consider the sample and analysis to be robust, but a noticeable finding is that only 5 per cent of those who registered on the website would go on to complete the survey, compared with 21 per cent for the Phase 17 campaign.

[20] After removal of cases in the Australian and European samples where the respondent mentions the reason for visit as competition entry, the impact on gross-to-net additionality ratios show a 0.1 percentage point increase for trips made in the previous 15 months; 0.5 percentage point decrease for planned trips (Europe), less than 0.1 percentage point decrease for Australia. This would lead to a negligible effect on the BCR.

The headline BCRs give the impression that the most recent campaign delivered poorer value for money than the previous campaign; however this is as a result of the significant changes to the methodology that were used in evaluation of the Phase 18 campaign. The use of enhanced web statistics reduces the total population assumed to have been exposed to campaign materials by approximately 50 per cent. Changes to the methodology relating to the adjustment of missing cases and adjustment for probability that planned trips will go ahead relating to missing cases will have decreased the BCR to a lesser extent. Therefore it is inconclusive whether the Phase 18 campaign has delivered poorer returns on investment than the previous campaign.

Outside of the economic analysis, the most significant change between the two campaigns relates to the proportion of the sample first finding out about the website from campaign advertising, which fell by 6.9 percentage points to 10.0 per cent.

The data also shows an increasing importance of an online presence in encouraging engagement. The proportion of the sample first finding out about the website through search engines increased by 7 percentage points (a significant change at a 95 per cent confidence interval).

As previously referred to, the importance of social media has increased across the two surveys. While less than 1 per cent of the total sample referred to Facebook as a free text response, this is a significant increase compared to the Phase 17 survey.

There is no evidence of any significant change in the recognition of advertising material. Of those that made a trip in the last 12 months, the proportion that recognised any advertising material increased by 0.6 percentage points to 84.0 per cent. For those planning a trip in the next 12 months, the recognition rate increased by 1.1 percentage points to 70.9 per cent.

8. Conclusions and recommendations

This paper has developed the methodology and analysis in GLA Economics' Working Paper 46 in order to provide an economic impact evaluation of Visit London destination marketing campaigns across target markets.

Our analysis shows that such activity still represents good value for money relative to other types of intervention. However, the value for money of these activities does depend significantly on whether costs and benefits are analysed from a UK or London perspective, and whether carbon costs are taken into account.

This analysis has taken the initial steps in reporting the overall net benefits of Visit London leisure marketing activity across various target markets. Although this report evaluates only 31.4 per cent of Visit London campaign activity expenditure for 2009/10, this represents a significant advancement towards evaluating the entirety of campaign activity carried out by Visit London.

Based on the recommendations as outlined in GLA Economics Working Paper 46, this evaluation has developed the methodology in areas such as enhanced website statistics, the treatment of peak activity periods, the use of SPSS for consistent analysis, sensitivity analysis into the factors within the model which affect returns on investment, and a more detailed exploration into the qualitative information entailed within survey responses. Despite these improvements there are still numerous areas where we recommend further research be undertaken to continue to enhance the methodology.

This evaluation has led to a recommendation that surveys should be consistent in their content to allow for greater consistency of results (for example asking whether trips have been made in the last 12 or 15 months); and has identified areas that should be asked more directly in the future, most notably the impact of social media on influencing visits to the website and on visits to London.

This evaluation has looked to delve into greater detail on the fixed costs of running campaigns and has utilised a proportional approach into allocating the fixed costs of Visit London activity to individual campaigns. While further progress was made into areas such as estimating the staff time involved on campaigns, a greater understanding and valuation of individual components of fixed costs would need to be undertaken before this analysis can reasonably be included in future evaluations.

The following list provides the list of key recommendations for future evaluation:

- Increase understanding and accounting for fixed costs of L&P expenditure in destination marketing and to collect more data into spending and dates of peak activity for individual countries within target markets.
- Ensure sample sizes for campaigns allow for robust analysis, especially if individual country analysis within markets are undertaken.
- Investigate the extent to which samples drawn from online surveys are likely to be biased and to improve the estimation of sample selection bias.

Annex 1: Overview of methodology

This annex provides an overview of the methodology used for the cost-benefit analysis of leisure marketing campaigns.

The major driver of economic impacts is visitor spending from visits that would not have previously been made and this is measured through what is called in the literature as "conversion" research. This takes the form of a recontact survey where individuals who registered on the Visit London website during a campaign period and then sampled at least six months after the end of the campaign. This email based survey is designed to establish whether those that registered on the website had made a visit or plan to make a visit, and to what extent advertising materials influenced their decisions.

The extent to which decisions to visit were as a result of advertising material is related to a concept of additionality. We are trying to estimate what proportion of trips would have been made anyway (total deadweight), whether advertising has encouraged people to stay longer in London (partial additionality), or whether this trip has been made directly and solely as a result of advertising material (full additionality). The question we use and the weighting of responses (the level of additionality) is displayed below:

Question 50: Thinking about the Visit London advertising and promotion, and the www.visitlondon.com website; what would you have done without these information sources, would you….

	Additionality Weight
Definitely not have visited London	1.00
Probably not have visited London	0.50
Have visited London, but at a later date	0.00
Have visited London, but for fewer nights	0.00 (Accounted for separately)
Probably have visited London anyway	0.20
Definitely have visited London anyway	0.00

The steps we use to derive the estimates of ROI of campaign are outlined below:

i) Population exposed to the Visit London website during the campaign:
Using website statistic data provided to us by the L&P web team, we are able to accurately estimate the number of visits to the website during the campaign period. We make two assumptions relating to unique visitors and multi-page visits which lead to our total population; firstly, we assume that the proportion of global unique visitors would be identical to that in the target market; secondly we use the proportion of multi-page visits as the proxy for the population who would have been significantly influenced by website activity.

ii) Identification of those who have made or planned a visit
The survey initially splits the sample into those that have made a trip in the last 12 (or 15) months (actual visits), those that are planning to make a visit in the next 12 months (potential visits), and those that have not made or planned a trip (these are then removed

from the sample). Those that state that they are planning a trip in the next 12 months are then asked to estimate how certain these trips are to go ahead.

Data on visitor spending is then drawn out so as to work out the actual expenditure of made visits; average expenditures from this are then used to estimate potential expenditure. Respondents are also asked to state how many people were or would be in their travel party. Total expenditure of all actual and potential visitors is then estimated.

As survey respondents may report in their domestic currency instead of pounds sterling, where necessary the expenditure estimates are converted into pounds sterling by using the average of daily spot exchange rates for the campaign period.

Responses to the additionality question then turn these estimates in additional actual expenditure and additional potential expenditure. An adjustment is made to adjust for potential bias in the survey. Studies have found that people who are already likely to make a visit are more likely to agree to participate in a survey, hence there would be a greater likelihood that survey respondents would make a visit compared with those who do not. The methodology study recommends the use of a 20 per cent adjustment to account for potential bias in the survey.

iii) Treatment of additional nights

Using data on actual expenditures and party size, the additional expenditure of respondents who report that they would have stayed extra nights as a result of advertising material can then be assessed.

iv) Converting expenditure into economic impacts

Gross Value Added is the measure of the additional impact that spending has to the economy. Our expenditure estimates are turned into estimates of GVA through the use of GVA-turnover ratios. In the six major categories where survey respondents are requested to provide information (accommodation, transport, spending on attractions and entertainment, food and drink, shopping, and other), SIC codes (Standard Industrial Classification, ONS) are selected which best matches these categories and the percentage of GVA of total industry turnover is then used to transform the estimates of total additional expenditure into total GVA.

v) Exchequer receipts

Using an assumption that 50 per cent of all purchases would be eligible for VAT then the total exchequer receipts can be included in the analysis of the UK wide ROI. These benefits are excluded from the London level analysis. There is also a reduction based on the proportion of VAT reclaim that survey respondents reported (except for the European campaign). Exchequer receipts are also generated through Air Passenger Duty payments (which are paid on return flights out of the UK), the level of which is assessed by the "as the crow flies" distance between origin cities and London.

vi) Cost analysis

London & Partners have provided financial details of the total grant and match funding for marketing campaigns; these are termed as the variable costs of the campaign. In addition we have used Visit London financial accounts to estimate the scale of the fixed costs of the campaign. These fixed costs are those necessary for any campaign activity to take place and include areas such as IT, legal, HR, building rents and overheads.

Given complete information as regards all campaign activity undertaken by Visit London in the 2009-10 financial year, we then allocate fixed costs by taking the proportion of total net Visit London expenditure that the campaign represents. For example, if a campaign comprises 25 per cent of total net Visit London expenditure for a given year, then cost-benefit analysis of the programme would allocate 25 per cent of the total fixed costs of Visit London activity for financial year to it.

vii) Carbon costs

Where visitors have made a trip to London as a result of destination marketing, then the social cost of carbon emissions as a result of air travel are included in the total cost estimates. The non-traded cost of carbon is used, however from 2013/14, air transport will join the EU Emissions Trading Scheme and cost-benefit analysis would use the traded costs.

viii) Cost-benefit analysis

Our headline figure is the return of overall Visit London activity at the UK level including carbon costs, however we are able to report without carbon costs, at the London level (hence excluding exchequer receipts and additional spend outside of London). Our previous reporting expressed the results as a benefit-cost ratio (a measure of total benefits divided by total costs), a method which allows directly comparability between different projects; and a net present value which demonstrate the absolute level of impacts (total benefits minus total costs). GLA Economics recommends the use of net present values as the primary indicator of the return on investment of projects.

Annex 2: The impact on returns to investments of destination marketing through survey results

This annex provides a quantitative analysis on the factors that can impact our model for determining the return on investment of leisure marketing campaigns. The individual factors are as follows:

- Total website visits, hence the population exposed to advertising material
- Gross to net additionality percentage
- Actual expenditure reported in the survey
- Number of people covered by expenditure (party size)
- Frequency of trips made
- The proportion of the sample that have made or are planning to make a trip
- The probability that a planned visit will go ahead
- Exchange rates
- GVA-Turnover ratios (and SIC codes used)

On the return of campaign activity separately:

- Proportion of sample first finding out about the website from campaign advertising

Our analysis has found that the return on investment of overall activity (and campaign activity separately) in Europe is significantly higher than for the North American and Australian campaigns. We have found a number of factors which may explain these results:

- Significantly higher number of website visits
- Higher gross to net additionality percentage
- Greater number of people in travel groups
- Greater frequency of visits to London
- Significantly higher proportion of the sample that have made or are planning to make a trip
- Survey question which asks for trips made in previous 15 months as opposed to 12

However there is a lower proportion that first found the website from campaign advertising alone, not enough however to significantly impact on the BCR.

The European headline BCR of overall activity is 4.80. The following scenarios were tested and found scale of impacts were as follows:

Highly significant impact to return on investment (greater than 20 per cent reduction to BCR)

- Reducing total expenditure in line with the proportion in the North American sample that made or planned a trip (reduction of 35.8 percentage points)

Significant impact to return on investment (greater than 10 per cent reduction in BCR)

- Reducing reported total expenditure (equivalent of reducing timescale of made trips from 15 to 12 months)
- Reducing gross to net additionality percentage to that of North American survey sample
- Reducing absolute number of website hits by 20 per cent
- Reducing frequency of trips made to that of North American survey sample

Insignificant impact to return on investment (less than 10 per cent reduction in BCR)

- Reducing average party size to that of North American sample
- Reducing probability of planned trips by 3 percentage points

The impact of these final two measures was recorded at less than a 1 per cent impact on the BCR. The impact of all measures together would reduce the BCR here by approximately two-thirds, however this illustrates the determining factors from within the survey that have partially led to greater returns on investment from the European market.

Annex 3: Data annex

This annex outlines the calculation steps for the exchequer receipts and carbon cost calculations for the three campaigns, as well as details on the sample makeup and the exchange rates used as part of the CBA. The figures reported here are for overall activity; identical steps are made for separate campaign activity estimations.

Sample make-up

	North America	Europe	Australia
Responders that have made a trip in the last 12/15 months	574	1,077	884
Responders that are planning to make a trip in the next 12 months	934	685	1,245
Respondents that have not made or planned a trip	1,395	406	1,215
Total Sample Size (Completed Surveys)	2,903	2,168	3,344
Proportion that have made or planning to make a trip	51.9%	81.3%	63.7%
Proportion of sample first finding website from campaign advertising	10.0%	12.4%	15.1%

Website data

	North America	Europe	Australia
Total Website Hits	292,485	1,219,750	25,171
Proportion of unique visitors	84.7%	85.1%	84.4%
Proportion of single page visits (Bounce Rate)	37.6%	38.8%	38.0%
Population Assumption	154,544	636,073	13,175
Website Registrations	57,096	15,575	10,317
Proportion of registrators that completed the survey	5.1%	13.9%	32.4%

Survey results

	North America	Europe	Australia
Average Party Size – Those having made a trip	2.10	2.57	2.08
Average Party Size – Those planning to make a trip	1.81	2.03	1.58
Average Frequency of Visits	1.25	1.63	1.23
Probability that planned trips are made	63.6%	60.3%	69.3%
Gross to Net Additionality – Trips having been made	6.05%	7.99%	5.48%
Gross to Net Additionality – Trips which are planned	11.82%	14.25%	9.13%
Total Expenditure per visitor (London and UK)	£907	£423	£1,499
Total Expenditure per visitor (London only)	£558	£279	£645
Average length of stay	10.3	6.5	20.1
Average expenditure per night per visitor (UK)	£88	£65	£75

Exchequer receipts (of overall activity)

	North America	Europe	Australia
Additional Expenditure	£11,233,654	£54,163,871	£1,615,781
VAT Rate	20%	20%	20%
Average Reclaim as a proportion of expenditure	14%	N/A	8%
Percentage of Expenditure not eligible for VAT	50%	50%	50%

Total VAT on purchases	£1,123,365	£5,416,387	£161,578
Total VAT reclaimed	£157,271	£0	£12,975
Net Amount of VAT paid	£966,094	£5,416,387	£148,603

Air passenger duty

Reduced economy rates (£)

	November 2009 – October 2010	November 2010 onwards
Band A (Under 2,000 miles)	11	12
Band B (2,001 – 4,000 miles)	45	60
Band C (4,001 – 6,000 miles)	50	75
Band D (Over 6,000 miles)	55	85

Additional visits (of overall activity only)

	North America	Europe	Australia
Actual Visits	4,869	106,034	493
Potential Visits	6,733	34,876	492
Total Visits	11,602	140,910	985

Additional revenues (of overall activity only)

	North America	Europe	Australia
Actual Visits	£243,434	£1,166,372	£27,112
Potential Visits	£505,003	£418,518	£41,800
Total Visits	£748,437	£1,584,889	£68,912

Carbon costs

	North America	Europe	Australia
Average Distance Travelled (miles)	4,226	538	10,385
CO_2 emissions per mile (air transport)	0.2124	0.1845	0.2124
Average Carbon Emissions per visit (kg)	898	99	2,206
Additional Tonnes of Carbon Emitted	10,414	13,991	2,172
Non-traded social cost of carbon	£51.70	£51.70	£51.70
Additional Carbon Costs	£538,385	£734,524	£112,300

Exchange rates (Average for peak activity periods)

	North America	Europe	Australia
Spot Exchange Rate Average (into Sterling)	United States: 1.5234 Canada: 1.5764	1.1171	1.7975

Source: Bank of England

Annex 4: Standard Industrial Classification (SIC) codes used towards cost-benefit analysis

To turn estimates of the gross additional expenditure into GVA impacts, figures for the GVA and turnover from specific industrial groups are used to derive GVA-turnover ratios. These factors are then used to derive total GVA from individual sections of spending. We use the codes that best correlate the areas of spending listed in the survey. The most recent SIC2007 codes are used for this analysis and the ratios used are outlined in the following table:

SIC Code	Description	GVA at basic prices (£m)	Turnover at basic prices (£m)	GVA-Turnover Ratio
	Shopping			
47	Retail Trade	66,587	315,986	0.211
	Hotels/Accommodation			
55.1	Hotels and Similar Accommodation	7,632	13,623	0.560
55.2	Holiday and other short stay accommodation	661	1,220	0.542
55.9	Other Accommodation	98	162	0.605
	Total	8,391	15,005	0.559
	Eating and Drinking			
56	Food and Beverage Services	20,400	48,318	0.422
	Attractions and Entertainment			
R	Arts, Entertainment and Recreation	17,055	89,736	0.190
	Transport			
49.1	Passenger Rail Transport, inter urban	2,747	6,960	0.395
49.3	Other passenger land transport	7,590	13,361	0.568
50.3	Inland passenger water transport	22	54	0.407
	Total	10,359	20,375	0.508
	Other – assumed as the average of all activity	122,792	489,370	0.251

Source: Annual Business Survey, ONS (2009)

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Chinese

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Vietnamese

Nếu bạn muốn có văn bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে নীচের ফোন্ নম্বরে
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اِس دستاویز کی نقل اپنی زبان میں
چاھتے ھیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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