

## Alcohol Framework Task Group – economic input (August 2014)

This document summarises data that may be of use to the Alcohol Framework Task Group in considering its stance on alcohol licenses in the context of impact on the economy.

### *The visitor economy of Edinburgh*

In 2013, a total of 3.4 million overnight visits were made to Edinburgh, representing a total of 12.3 million nights. Overnight visitors to Edinburgh in 2013 spent a total of £1.15 billion – equivalent to £93.50 per person per night. The largest elements of expenditure were accommodation (42%), eating and drinking (24%), shopping (18%) and entertainment (11%).

### *Visitor perceptions of the city centre*

The table below shows responses to a survey from 2011 in which residents of Edinburgh and visitors to Edinburgh from outwith the city were asked what they *most* disliked about visiting streets in the city centre during the evening. Responses from responders who stated that they did not visit the city centre in the evening have been stripped out. For responders who visited streets in the city centre during the evening, between 10% and 18% cited antisocial behaviour as the factor they *most* disliked about visiting in the evening.

What people visiting the city centre in the evening dislike most (2011)						
	Residents of Edinburgh			Visitors from outwith Edinburgh		
	Princes St	George St	Rose St	Princes St	George St	Rose St
"Don't feel safe / worried about crime"	5%	2%	1%	1%	1%	3%
"Too many rowdy crowds (e.g. hen and stag nights)"	5%	7%	6%	5%	4%	4%
"Gangs of youths"	4%	3%	2%	3%	4%	4%
"Feel threatened sometimes"	4%	1%	3%	1%	1%	1%
All antisocial behaviour responses	18%	13%	12%	10%	10%	12%
Other	82%	87%	88%	90%	90%	88%

Source: Essential Edinburgh, Benchmark of Attitudes

When asked whether they felt safe when walking in the city centre in the evening/at night, 10% of residents of Edinburgh and 9% of visitors from outwith Edinburgh surveyed in 2011 identified this as an aspect of the city centre in need of significant improvement.

### *Displacement*

A key consideration when assessing the economic impact of a new business opening in Edinburgh is displacement. Displacement is when an increase in economic activity in one part of the economy is

offset by a decrease in economic activity elsewhere, meaning there is no overall increase in economic activity.

For new businesses opening in Edinburgh, displacement will be highest when the new business is entirely competing for custom with other businesses in Edinburgh, i.e. every increase in sales by the new business results in a corresponding fall in sales for a business elsewhere in Edinburgh. Displacement will be lowest when the new business is entirely competing for custom with businesses outside of Edinburgh.

Where displacement is high or absolute (i.e. 100%), any jobs created by a new business opening in Edinburgh can be expected to be partially offset by a fall in jobs elsewhere in Edinburgh.

A number of examples are provided below:

- A new convenience store opens in a neighbourhood of Edinburgh already well served by convenience stores. The store is competing for sales with the existing stores; as the goods it sells are not significant different from those already available, it is not expected to attract any new custom to the neighbourhood that would not have spent money there anyway. Displacement could be expected to be very high or absolute.
- A new high-end fashion retailer opens in Edinburgh city centre. The retailer competes for sales with existing fashion retailers in the city centre. However, as it offers goods that are different from those already available in the city centre, the retailer can also be expected to attract custom from people who otherwise would not have spent money in the city centre. Displacement could be expected to be medium.
- A new call centre opens in Edinburgh, serving customers from around the UK. The call centre is competing for sales with call centres elsewhere in the UK and overseas. Displacement could be expected to be very low or non-existent.

Factors influencing the level of displacement will include: the location of the customers served by the business; the degree to which the customers in this location are already well served; the degree to which the products or services offered by the business differ from those already on offer; and whether the market served by the business is growing, constant or shrinking. These factors are summarised in the table below. These factors can be used as ready reckoners to determine whether a new business is expected to have high levels of displacement and, therefore, will take custom away from other businesses in Edinburgh.

<b>Low displacement</b>	<b>High displacement</b>
<ul style="list-style-type: none"><li>• The main customers of the business are people outside of Edinburgh.</li><li>• The area is not presently well served by businesses of this nature.</li><li>• The goods and services offered by the business are significantly different from what is already on offer.</li><li>• The demand for the type of goods and services offered by the business is rising.</li></ul>	<ul style="list-style-type: none"><li>• The main customers of the business are people in Edinburgh.</li><li>• The area is already well served by businesses of this nature.</li><li>• The goods and services offered by the business are not significantly different from what is already on offer.</li><li>• The demand for the type of goods and services offered by the business is flat or falling.</li></ul>