

FORESIGHT

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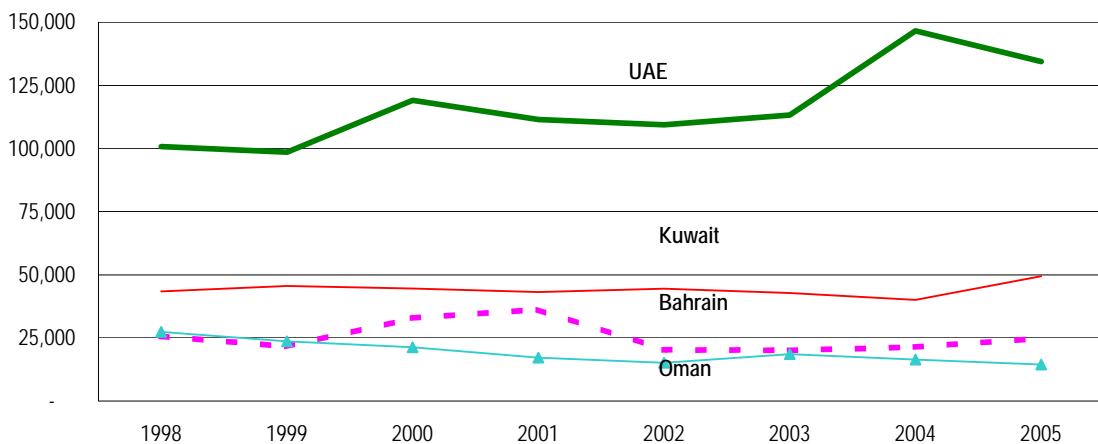
FORESIGHT is a monthly commentary on significant issues within the tourism sector. Each month 'Market Focus' discusses economic, social and political factors that underlie demand for tourism now and in the future. In addition, a spotlight is focused on a significant tourism issue. This month 'Market Focus' looks at four Middle East markets and to coincide with the FIFA World Cup 'Issue of the Month' reflects on the role of football as a driver of tourism activity in Britain.

Market Focus – UAE, Kuwait, Bahrain and Oman

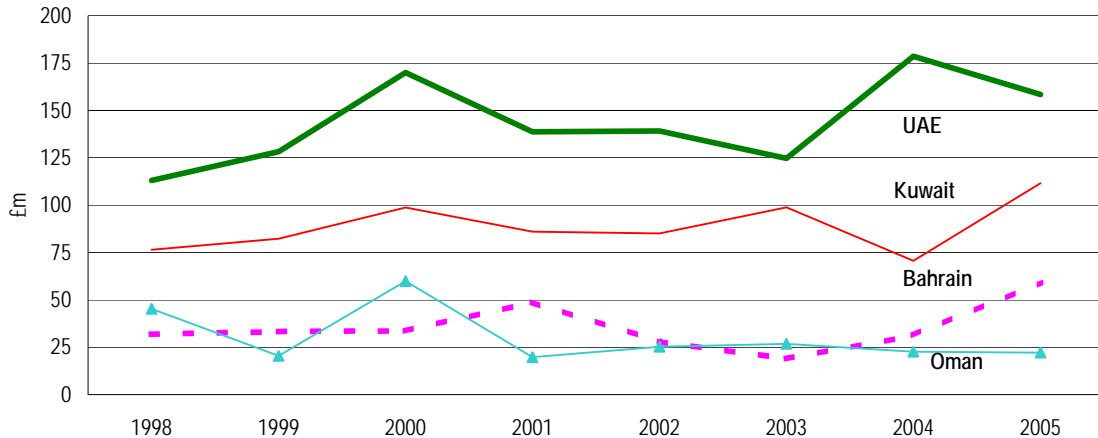
As with nearly all markets in the Middle East visitors from this month's featured countries are typified by a relatively low volume of visits to the UK but exceptionally high value per visit. Indeed, provisional figures from the International Passenger Survey¹ indicate that the total number of visits from these markets in 2005 stood at just over 220,000 (very similar to the 2004 total), representing 0.7% of all inbound visitors. However, spending by visitors from these markets added up to more than £350m in 2005, a 16% jump compared with 2004, and representing 2.5% of all visitor spending. To put this in context, it would take four visitors from Poland to travel to the UK before their spending equalled that of one visitor from these Middle East markets.

The following chart highlights the fact that the UAE is by far the most important of these markets in terms of visitor numbers, and has been the market to see the healthiest growth during the past seven years. The same story is essentially true for the trends shown in the second chart covering visitor spending. It is evident though that Kuwait is showing signs of closing the gap on the UAE. However we need to recognise that small sample sizes mean that these numbers should be treated with caution.

Visits to the UK



Spending in the UK



Market Profiles

New VisitBritain 'Market Profiles' are now available for all markets in which VisitBritain operates, including the UAE. These can be downloaded from www.visitbritain.com/research. Below we focus on Kuwait, Bahrain and Oman, as these markets are not covered by the 'Market Profile' series.

Flights round-up

Direct flights from the Middle East to the UK take around seven or eight hours, similar to a journey from the east coast of the USA. One of many major investments by the UAE government over the past decade or so aimed at bolstering the future of the country once its oil supplies start to dwindle has been in the aviation sector. There can be little doubt that the UAE is one of the best-connected countries for its size in the world. Both Abu Dhabi and Dubai have major international airports, but Dubai plans to build what will be the world's largest airport, with no fewer than six runways. The new airport is designed to help Dubai meet its target of expanding the annual number of visitors from the current six million a year to over 15 million within the next decade or so. It is likely that Dubai will become increasingly important as a calling point for flights from Australia to the UK in years to come.

With full flight information to the UK from the UAE available in the UAE Market Profile described earlier the table summarises Britain's accessibility from the remaining markets covered this month. All direct flights from these markets currently operate into London Heathrow. It should be noted that there are numerous connecting flights, typically via Dubai, which deliver easy access to the UK.

	Operator	Frequency
Kuwait	British Airways	Daily
	Kuwait Airways	Daily
Bahrain	British Airways	Daily
	Gulf Air	Double Daily
Oman	British Airways*	Daily
	Gulf Air	Double Daily

* calls at Abu Dhabi en-route, same aircraft

Kuwait

Kuwait has a population 2.7 million and is one of the more 'open' countries in the region with a favourable disposition towards the West. Full political rights were granted to women in 2005. However, there are growing concerns that militants are planning attacks against Western targets inside the country.

Kuwait's parliament unanimously approved the appointment of Sheikh Nawaf al-Ahmad as crown prince. His confirmation completes the transition to a new leadership after the death in January of Sheikh Jaber al-Ahmad, who ruled Kuwait for 28 years.

It is believed that Kuwait controls about 10% of the world's proven oil reserves and has benefited from persistently high prices for crude oil during the past couple of years.

Bahrain

Consisting of an archipelago of around 30 islands in the Gulf, Bahrain continues to be an important trading centre for the entire region. The population is estimated at around 750,000, that's about the same as Nottinghamshire. Tourism has become an increasingly important driver of the economy, in part due to the relatively relaxed social environment.

Elections were held in 2002 for a 40-member parliament, but opposition parties are still calling for the Assembly to be given greater powers. Tensions have risen recently between the majority Shia and the Sunni-dominated government.

Oman

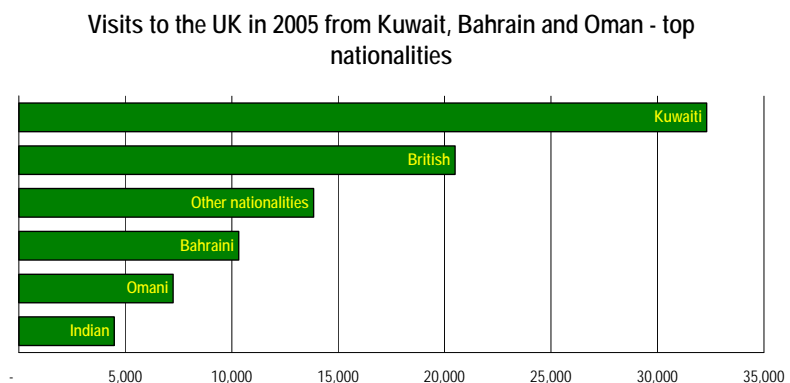
There are around 3 million people living in Oman at present. Although oil is crucial to the Omani economy production has started to decline in the past few years. Both fishing and agriculture remain important economic sectors. Tourism has been increasing over the past few years as Oman, in a rather more subdued manner, attempts to follow the example of the UAE in attracting more overseas visitors.

Visitor profiles in 2005

Earlier we noted that when looking at IPS figures for these markets we need to remind ourselves that small sample sizes lead to wide confidence intervals, or in other words we can get a 'feel' for market characteristics from the data but we ought not place too much weight on the precise figures.

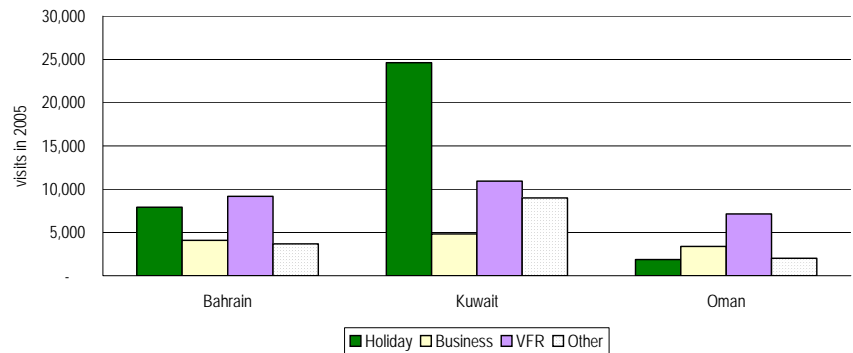
The most important point worth making about these markets, and for that matter pretty much all markets across the Middle East, is that we cannot just assume that the visitors are all Arabs.

There are large numbers of expatriate workers in each market and as we can see from the chart in 2005 one-third of visitors from these markets were Kuwaitis, but the next largest nationality were Britons, making up a quarter of all visits to the UK. Note that an estimated 5,000 Indians living in Kuwait, Bahrain and Oman visited the UK last year.



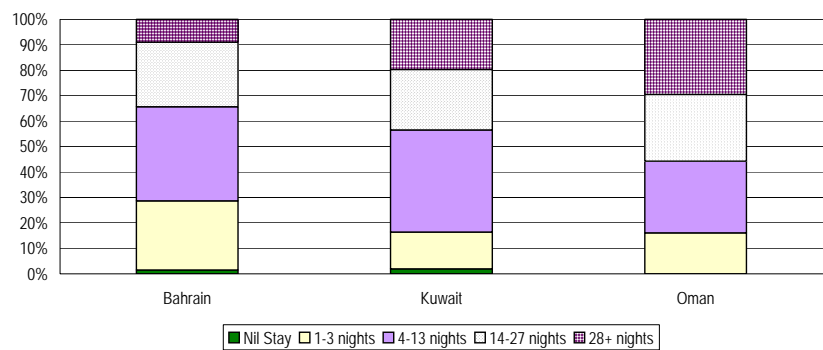
One implication of the high proportion of visits that are undertaken by British nationals is clear from the chart looking at journey purpose. We can see that for Bahrain and Oman trips to visit friends and relatives account for more visits than any other type of trip. The situation is somewhat different for Kuwait where around one in two trips were for a holiday.

Journey purpose



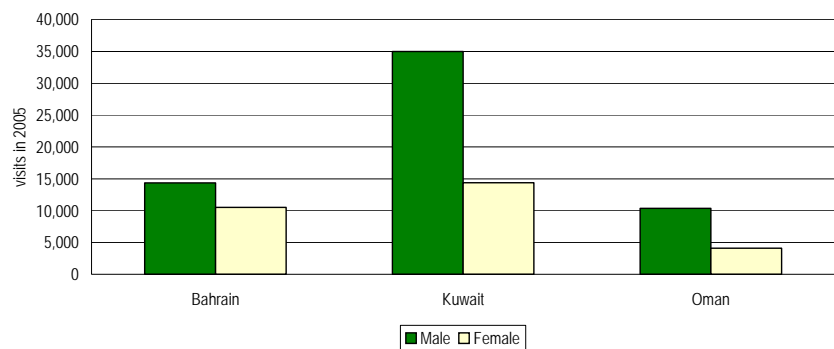
There is a tendency for visitors from these markets to stay longer than the average visitor. Most significantly we can see from the chart that 50% of those visiting from Oman spent more than two weeks in the UK. Short stay visits were most popular for those from Bahrain, with nearly a third of visits being for 3 nights or less.

Duration of stay distribution



Finally we can see that, particularly in the case of visitors to the UK from Kuwait and Oman, there are more male than female visitors. The share of male visitors from Bahrain is in-line with the global average.

Mostly men



Summing up

The markets we have touched on this month have some of the richest natural resources of any nations, and the continued high price of crude oil has undoubtedly increased the wealth of a number within each society. However all of these countries are seeking to diversify their economies, and one offshoot of this is the rapid expansion in flights operating out of the region. So, very real opportunities to build the value of visits to the UK from this region undoubtedly exist, but where there is opportunity there is also risk. For these markets there is no greater risk than terrorism and geo-political instability in the coming years. This would seriously inhibit economic diversification and in turn growth in outbound international travel.

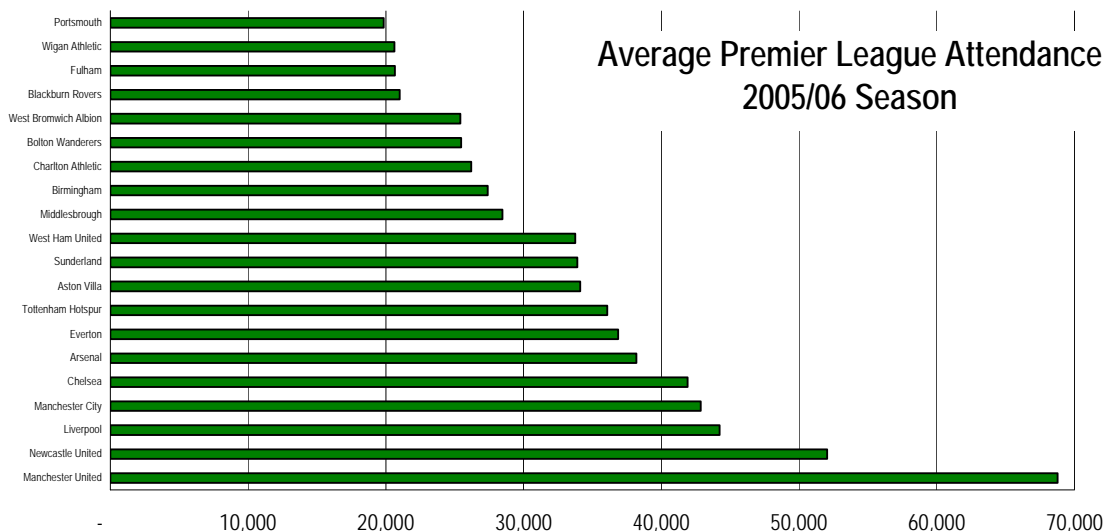
Issue of the Month – The power of football

With the FIFA World Cup kicking off in Germany on 9 June, this month we consider the role that football plays in generating business for the UK visitor economy. At one end of the spectrum 'Sunday league' players may boost trade in a local pub after completing their ninety minutes, whereas at the other end 71,100 Liverpool and West Ham fans travelled to Cardiff in May to witness a thrilling FA Cup final and boost the Welsh capital's economy.

But the role of football is not limited to the impact of players and spectators at venues small or large. Increasingly the global fascination with football is being used as a means to build brand awareness through sponsorship and broadcasting rights deals. Traditionally it has been so-called fast moving consumer goods such as fashion items or alcoholic drinks that have used football as a way of communicating to potential customers but there is a growing realisation that travel and tourism operators can benefit through footballing partnerships.

Through the turnstiles

At the grassroots level each week during the football league season hundreds of thousands of spectators attend matches. For some spectators the only expense might be the match ticket, but others will be contributing to a range of visitor economy businesses such as transport operators, hoteliers and pubs to name just three. The following chart shows the average weekly attendance at Premier League matches during the 2005/6 season.



Manchester United have a clear lead over other clubs when it comes to average weekly attendance, but the gap is likely to be closed when Arsenal's new Emirates stadium opens for business in a couple of months from now with a 60,000 seat capacity.

More and more clubs are recognising that they can use their stadium as a visitor attraction in its own right by offering tours of the ground. This can include seeing the dressing rooms, walking down the tunnel onto the pitch and even 'VIP' treats such as meeting a player or coaching staff. With dozens of clubs having a history dating back well over a century it is no wonder that many now have small museums displaying memorabilia. On a grander scale the National Football Museum in Preston attracted more than 100,000 visitors during 2004/05, highlighting the extent of interest in recalling 'glory days' and learning more about how the game evolved in Britain.

Many of these fans (or tourists) will purchase souvenirs from the club shop and contribute to businesses in the wider area surrounding the ground during their trip.

Building Britain's Brand... especially in Asia

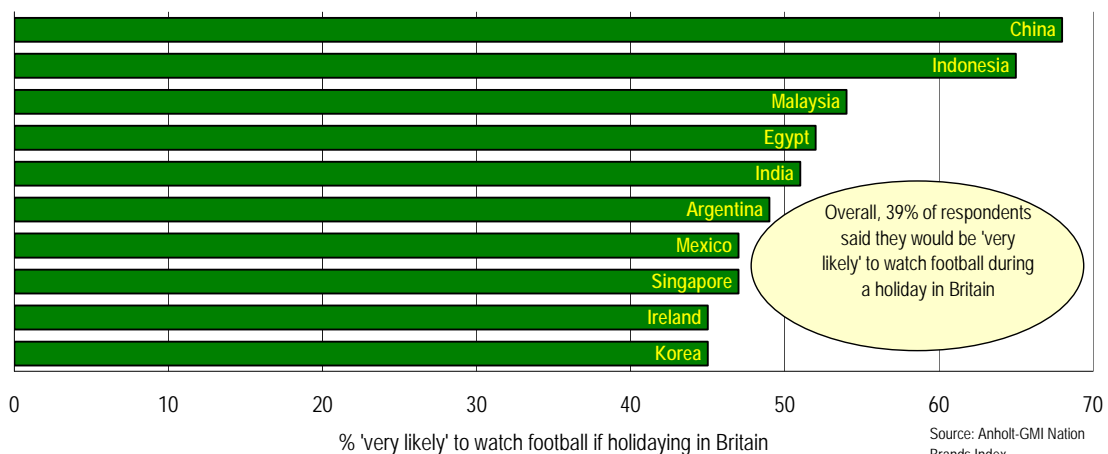
VisitBritain questions included in Wave 4 of the ANHOLT-GMI Nation Brands Index survey looked at the perceptions of up to 1,000 on-line consumers in each of 35 countries about a range of holiday activities on offer in Britain. Though it is vital to remember that only a minority of respondents have visited Britain, this survey provides us with powerful insight into the perception of Britain as a destination suitable for particular types of holiday activities. Additionally the respondents were asked how likely they were to undertake each activity should they visit Britain for a holiday.

One of the fifteen activities included was 'Watching Football'. When it comes to how people rate Britain as a destination for watching football the activity has a 'mid table' position, being ranked 7th out of 15, ahead of 'shopping for souvenirs' and 'live music' but behind activities such as visiting castles, gardens and exploring the countryside.

It is when we look at results relating to how likely it would be that each activity would feature in a UK holiday that we get some fascinating findings. Overall 39% said they would be 'very likely' to watch football during a holiday in Britain. Visiting castles and stately homes is the leading activity, with 75% saying they would be 'very likely' to do so, but football beats other activities, including 'theatre/opera/ballet' with only 37% 'very likely' to do this.

There are wide variations from one country to another. Despite two-fifths of respondents overall saying they would be 'very likely' to watch football, the chart highlights the top ten markets for which watching football in Britain seems to have the greatest resonance. We see a very strong Asian presence, including four out of the top five markets. It is worth noting Irish respondent's higher than average propensity to say they would be 'very likely' to watch football.

Asians want to watch football in Britain



Males (52%) were almost twice as likely as females (27%) to say they would be 'very likely' to watch football during a holiday in Britain, but there was little difference between age groups; 44% of 18-24s through to 35% of the over 55's 'very likely' to watch football.

Qualitative research carried out in China in 2005 supports these findings. This research asked respondents to design an ideal itinerary of things to do on a trip to Britain. A typical 'ideal' itinerary included watching a football match, or if that were not possible a visit to Old Trafford to see the stadium would be popular. As the Chinese are primarily taken on guided tours, they would perhaps be less concerned about how to get Premiership tickets for themselves, but qualitative research in other countries (Japan, Germany etc) reveals that for many who would be interested in attending a match obtaining tickets is considered a difficulty. More research shows that Thais consider football to be a strong motivator for visiting Britain, and are very keen to purchase football memorabilia to take home for friends.

Reaching global markets

It is not just in Britain that our leading teams enjoy fervent support, for example there are estimated to be 40.7 million Manchester United supporters in Asia alone. There are a barrage of explanations for international interest in British teams including the increasing international mix of players, managers and club owners, growing 'celebrity' status of leading players and of course the ability to watch a match live on television regardless of where you live in the world.

Looking first at this latter point, it is reckoned that overseas television broadcasts of FA Barclaycard Premier League matches have a global average weekly audience of 570 million spread across 162 countries. In many countries viewers avidly follow the achievements of their own nation's footballing heroes that have signed for English clubs. Indeed, there are currently around 250 foreign players playing in the Premiership, that's a ratio of about one in two.

Increased interest in some countries is driven by the antics of high profile multi-millionaire foreign owners of British clubs, or by the support for certain teams by high-profile personalities. For example the King of Malaysia is known to be a staunch supporter of Tottenham Hotspur and the controversial Thai Prime Minister Thaksin Shinawatra has made clear his interest in owning a stake in Liverpool FC.

The burgeoning passion for football across Asia (and for that matter a passion for gambling on match results) shows little sign of abating. The 2004 Asia Cup Final between China and Japan was broadcast in sixty countries with approximately two in every five TV viewers in the finalists' home countries tuning into the match. Although the 2006 FIFA World Cup is in Europe rather than Asia all the balls for the tournament will be made in Thailand except the 15 for the final, which will be made in the host country.

Leading British clubs recognise the importance of Asia, with 'summer tours' to Asian countries becoming an increasingly common feature in the calendar. Last summer Manchester United visited China, Hong Kong and Japan, Spurs played in South Korea and Everton, Manchester City and Bolton all participated in a tournament in Thailand.

Travel and tourism – growing links with football

Twice in the past few seasons VisitBritain has teamed up with the FA Premier League to take advantage of global interest in watching British football. Soon after the Foot and Mouth crisis VisitBritain (then BTA) struck a deal with the FA Barclaycard Premiership featuring digital branding of www.visitbritain.com on televised matches – it is estimated that this provided nearly £8 million worth of equivalent media value. Analysis undertaken after this promotion indicated that 10% (230,000 unique users) of all users of www.visitbritain.com during 2001 first heard

about the website through this initiative, generating £19.1 million of incremental inbound visitor spend for the UK visitor economy.

More recently in autumn 2005 VisitBritain announced a new partnership with the FA Premier League, designed to further promote Britain as a top tourist destination and boost visitor numbers. Under the agreement, VisitBritain had dedicated pitch-side advertising space at FA Barclaycard Premiership matches.

One of the leaders in the global travel and tourism sector in terms of engaging with football is undoubtedly Emirates, the Dubai based airline. Recognising the international marketing advantages of being linked with a high profile Premier League club the airline has sponsored Arsenal's new 60,000 seat 'Emirates' stadium, ensuring their brand will get regular exposure across a vast range of media and markets from the onset of the 2006/7 season in August.

The magnitude of the tie-up with Arsenal pales in comparison with the deal that the airline has struck with FIFA covering the period 2007 to 2014 in addition to its tie-up for the 2006 World Cup. The new seven-year, US\$195m deal, is part of Emirates plan 'to become a global brand and household name'. The deal gives the airline rights to both the 2010 and 2014 World Cup tournaments, plus all other FIFA events, expected to include a FIFA Beach Soccer World Cup held in the UAE.

Sticking with aviation and football, but based rather more on nostalgia than frontline marketing, Belfast City Airport, used by more than two million passengers a year, was recently renamed 'George Best Belfast City Airport' in memory of the late Manchester United and Northern Ireland star.

Shifting demographics and viewing habits

According to FIFA the 2002 World Cup held in Japan and South Korea was screened in no fewer than 213 countries. It is estimated that around 1.1 billion people worldwide watched the 2002 final. So called 'big screen viewing', whereby people gather in public spaces to watch matches on specially erected screens, became a feature of the 2002 World Cup, with over four million Koreans watching their team beat Italy on this type of screen.

This demonstrates the increasing trend for 'community viewing' of major sporting events, and represents an excellent opportunity for the UK visitor economy. The more people watching sporting events on big-screens erected in public spaces or in pubs and clubs, the greater the likelihood of improved takings for businesses in the food and drink sector of the visitor economy.

In both Japan and Korea viewing figures show that almost as many women as men watched 2002 World Cup fixtures. On this theme of a change to the demographics of football audiences FIFA note that the 2003 Women's World Cup held in the USA was broadcast in a record 144 countries. In Europe the tournament is estimated to have attracted 65 million individual viewers. The growing interest in women's football in England is highlighted by figures from the Football Association that show there are now 65,000 registered women and girl players in England, a six-fold increase on a decade ago. So, in short, football can increasingly be used as a means of garnering interest in tourism products across both sexes.

Golden goal or golden egg?

According to the Centre for Economic and Business Research the 2006 FIFA World Cup will deliver a short term boost to the UK economy worth £1.25bn, with £285m of this coming through additional sales in pubs, clubs and off-licenses, equivalent to a 1% increase in annual revenue. Other areas of the economy set to benefit include advertising and sales of wide-screen televisions.

There are few sports or events as pervasive as football on a global stage, and England has the honour of being the home of contemporary football - the English Football Association having been born at the end of 1863. Week in, week out football matches generate revenue for visitor economy businesses, but equally football can foster interest in visiting Britain from countless countries worldwide with fans devoted to leading English or Scottish clubs, or the latest accomplishments of their fellow compatriots playing for British teams, be he Ukrainian, Jamaican or Japanese.

The coming weeks will deliver either glory or despair for football fans not just in England but also in countries scattered across the globe, such is the reach of football. One certainty is that whatever the outcome in Germany, come the next tournament hopes for success will be high and the public gripped by enthusiasm, such is the passion for football. No wonder then that increasingly the providers and promoters of tourism and travel services are recognising the unparalleled capability of football as a channel through which to communicate with potential customers.

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