

FORESIGHT

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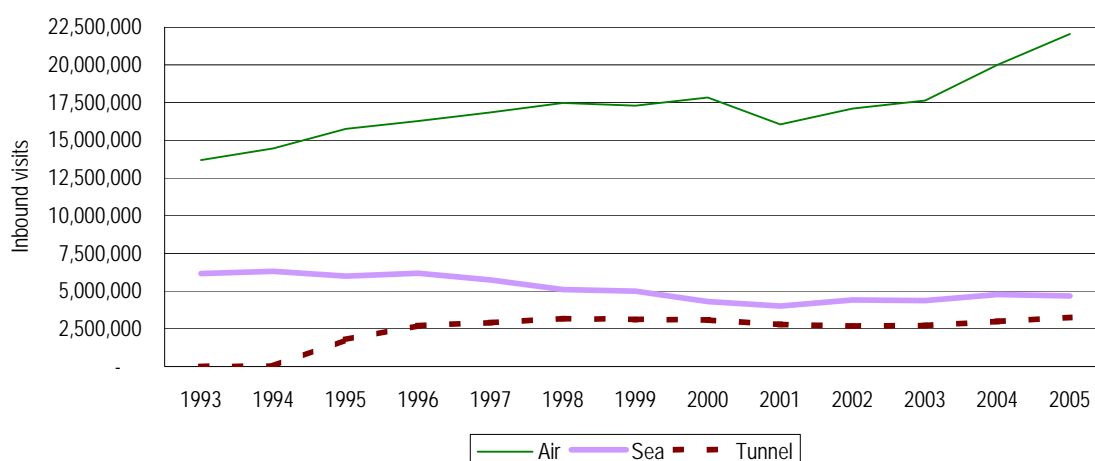


FORESIGHT is a monthly commentary on significant issues within the tourism sector. Each month 'Market Focus' discusses economic, social and political factors that underlie demand for tourism now and in the future. In addition, a spotlight is focused on a significant tourism issue. This month 'Market Focus' explores the trends and characteristics that define inbound visitors opting to use a ferry to reach Britain, with Issue of the Month considering what we know about the types of accommodation used by both inbound and domestic visitors.

Market Focus – Ferry passenger visitors

The phrase 'record year' has become synonymous with any discussion about trends in inbound tourism in the past few years, especially when focussing on the number of visitors rather than expenditure, but one market that has not been setting any new records is the 'seaborne' visitor segment. The following chart highlights the downward trend of the past thirteen years, with the number of inbound visitors opting for the ferry as a way of accessing Britain declining by 24% (2001 was the low-point for ferry usage, since when a modest recovery is evident). The inclusion of the two alternative modes of transport in the chart demonstrates both the fact that the Channel Tunnel is now almost as important a mode as the ferry in terms of inbound visitor volumes, and the exceptionally strong growth in airborne visitors during the past few years. Back in 1993 31% of inbound visitors used a ferry; in 2005 this proportion had fallen to 16%.

Contrasting trends



Market characteristics

Through the following series of tables and charts we explore the nature of the seaborne inbound visitor market in 2005 based on an analysis of International Passenger Survey data¹.

UK Ports
Dover
Fishguard
Folkestone
Harwich
Holyhead
Hull
Lerwick
Liverpool
Newcastle
Newhaven
Pembroke
Plymouth
Poole
Portsmouth
Rosyth
Swansea
Weymouth

Firstly let us consider how easy it is to get to and from Britain by sea. The tables either side list those UK ports that can be accessed by ferry from overseas, and those overseas ports enjoying direct access to the UK. It can be seen that some seventeen British ports spread around the coastline can be reached from no fewer than twenty-one foreign seaports.

Clearly there is wide variation in the frequency of sailings between different routes, ranging from hourly throughout the entire day and night on the Calais to Dover route, right down to just one or two sailings per week on long distance crossings.

The time taken to reach Britain by sea clearly reflects the distance of the journey, with some 'Cross-Channel' services being at sea for little more than an hour, whereas the crossing from Bilbao to Portsmouth takes twenty-nine hours. Regrettably the Cork to Swansea service will not operate in 2007.

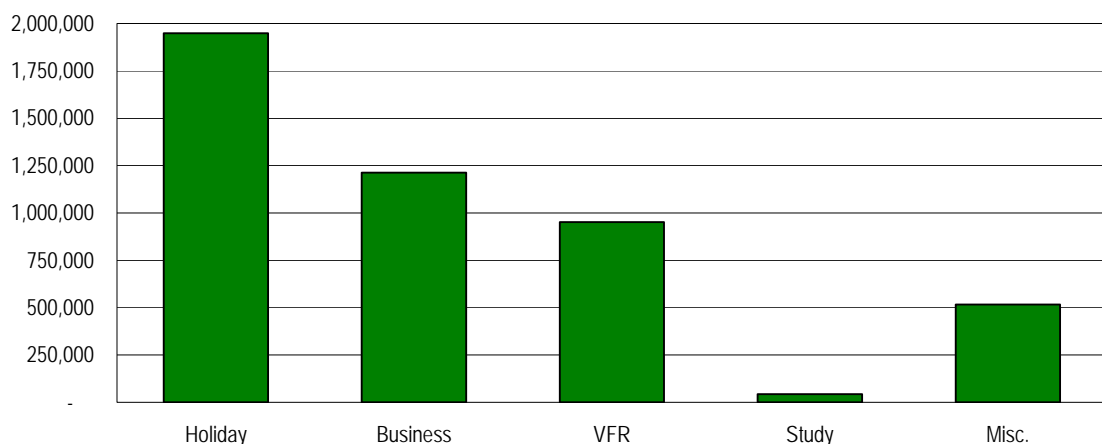
Overseas Ports
Bergen
Haugesund
Stavanger
Esbjerg
Amsterdam
Hook of Holland
Zeebrugge
Dunkerque
Calais
Dieppe
Le Havre
Caen
Cherbourg
St Malo
Roscoff
Bilbao
Santander
Cork
Rosslare
Dun Laoghaire
Dublin

Source: www.directferries.co.uk

So, in 2005 around 4.7 million inbound visitors used a ferry for their visit to Britain, but which countries were they most likely to be travelling from? We can see from the table that, unsurprisingly, near European nations dominate the top spots, with the top six markets accounting for three out of every four visitors using a ferry.

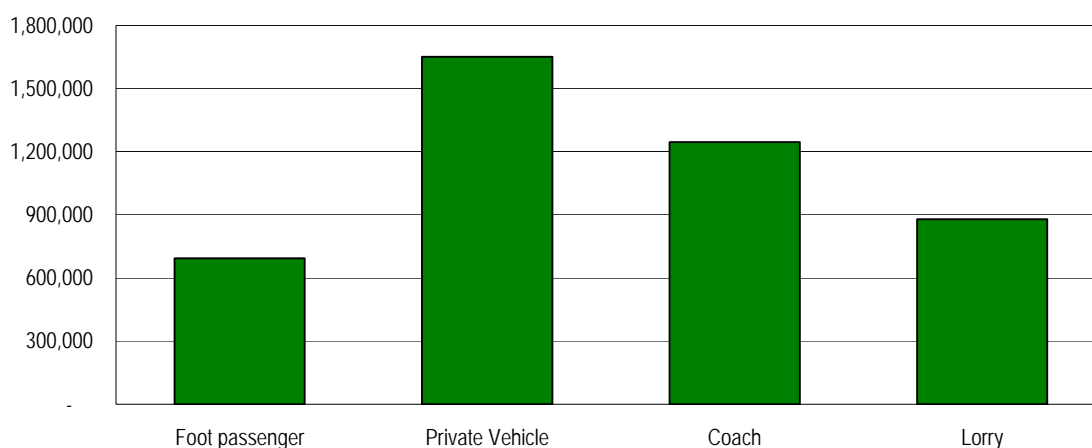
Germany	739,781
France	707,657
Irish Republic	626,785
Netherlands	575,641
Belgium	433,188
Poland	404,608

Visitors departing by sea in 2005: purpose of visit



We can see from the above chart that more than 40% of all inbound visitors who opt to use the ferry for their visit to Britain are coming for a holiday visit, whereas one-in-four are on a 'business trip' and one-in-five visiting friends or relatives. It may at first seem a little odd that such a large proportion of ferry visitors are making business trips, given the relatively slow nature of getting to Britain by sea as opposed to by air or through the Channel Tunnel. The explanation for this becomes apparent from the next chart showing the type of 'vehicle' that the visitor took onboard the vessel.

Visitors departing by sea in 2005: vehicle used



So, almost 900,000 inbound visitors, the vast majority of whom will make up the seaborne 'business' visitor segment are using a lorry. This fact helps to remind us that not all 'business visits' picked up by the IPS fall into the stereotypical business traveller category of someone heading for meetings, conferences or trade fairs. A significant proportion of business visits are by those in the process of delivering or collecting goods that are being imported or exported.

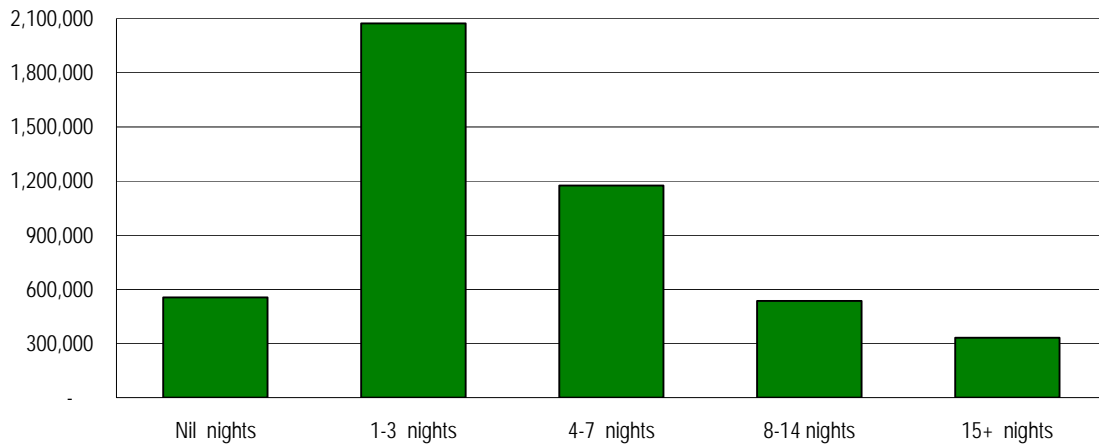
The high number of lorry drivers using a ferry in order to get to and from Britain is one of the contributory factors to the comparatively low daily spending totals seen in the table opposite. It is clear that the average length of stay for seaborne visitors is close to that for those using the Channel Tunnel, but with a slightly lower spend per visit. A visitor departing by sea will, on average, have spent less than half that of an inbound visitor departing by air.

Mode	ALS	AED	AEV
Air	9.1	£60.80	£556.20
Sea	6.0	£38.80	£232.40
Tunnel	6.0	£46.00	£277.30

Key:
 ALS: Average Length of Stay (days)
 AED: Average Expenditure per Day
 AEV: Average Expenditure per Visit

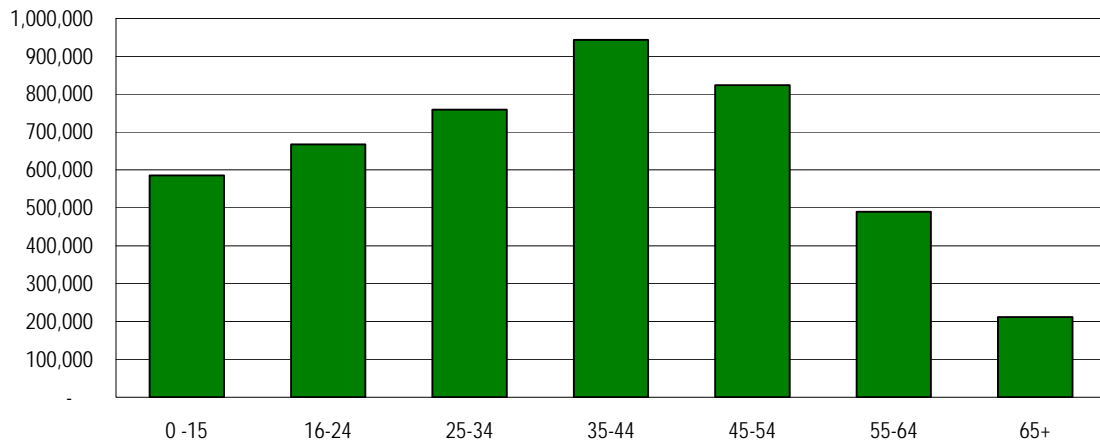
As can often be the case, a simple arithmetic average can disguise the more interesting distribution of observations that underlies it. This is indeed the case in terms of the average length of stay reported in the above table being six nights for seaborne visitors. We can see from the chart on the following page that very nearly one-in-two seaborne inbound visits to Britain lasts for between 1 and 3 nights, with an eighth of all visits being 'day return' trips. The average is so high courtesy of the fact that a third of a million seaborne inbound visits last for fifteen or more nights.

Visitors departing by sea in 2005: duration of stay



From the earlier chart we can observe that it is estimated that well over one million inbound visitors will have got to and from the seaport by means of a coach service, many will be travelling onboard scheduled coach services, whereas some will be travelling as part of a tour group. We can see from the next chart that ferry services are often the mode of choice for the youth market, with 1.2 million under 24's who were visiting Britain in 2005 choosing this mode.

Visitors departing by sea in 2005: age



Challenges

French industrial disputes, highly competitive low-cost air alternatives, reduced journey time for those using Eurostar services from Paris and Brussels once the second phase of the High Speed Link opens in November this year, these are just a few of the challenges that confront ferry operators in trying to attract potential inbound visitors to their services. It is likely that once figures for 2006 become available they will reveal that, despite the well publicised airport disruption in August and again just before Christmas, ferry services will have witnessed a further decline in their market share compared with other modes.

In the coming months the robustness of information available on inbound seaborne visitors from the IPS will improve with the inclusion of Rosyth in the survey courtesy funding from the Scottish Executive, thereby ensuring we have detailed information about visitors who use the regular ferry service to Scotland from Zeebrugge.

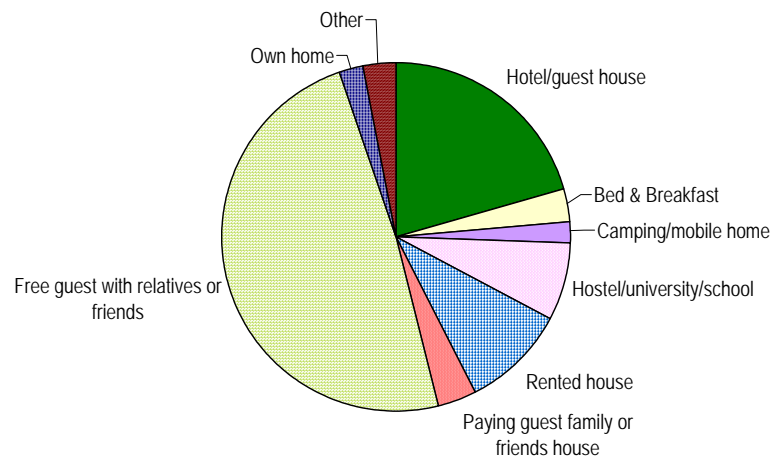
Issue of the Month – Accommodation choices

This month we take a look at some of the similarities and differences between the types of accommodation that inbound and domestic visitors opt for when taking overnight trips within Britain and look at the proportion of accommodation stock that is occupied, comparing the performance of different types of establishment and those found in different types of location.

Inbound visitors

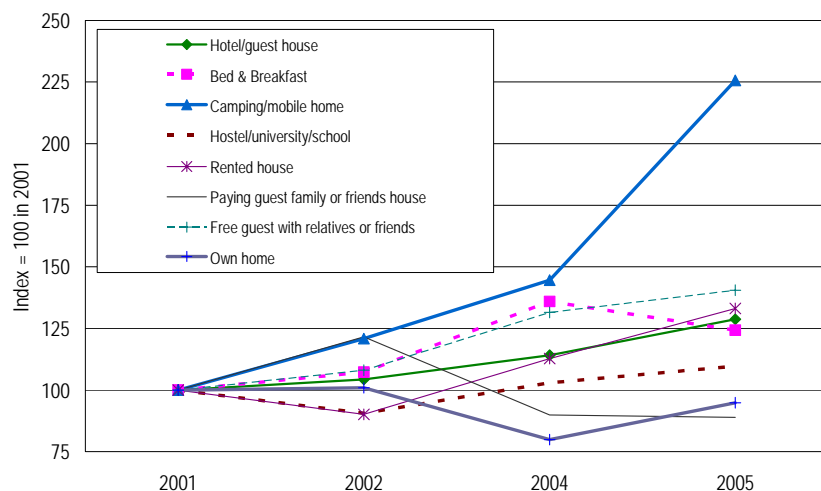
During 2005 inbound visitors spent over 240 million nights in the UK according to the International Passenger Survey, with the average visit lasting for around eight nights. However, we can see from the pie chart that this does not mean visitors paid room bills for this number of nights in serviced accommodation. Indeed, half of all nights spent in the UK by inbound visitors were as a 'free guest with relatives or friends'.

Inbound visits: nights by accommodation type



Hotels and guest houses enjoyed the next largest share, with one-fifth of all nights being in these types of accommodation. Other points to note from the chart include that B&Bs and Camping/mobile homes each had similar market shares, though it is possible that many inbound visitors would have classified a B&B in the 'Hotel/guest house' category. The importance of Hostels, Universities and School accommodation is underscored by a 7% market share.

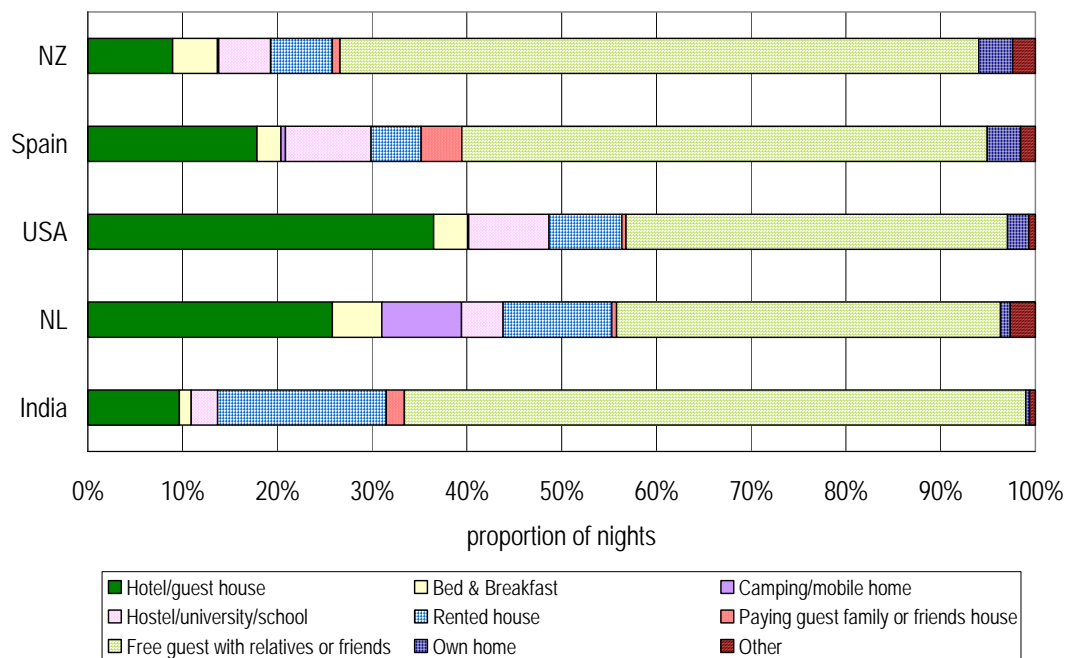
Taking a look at trends in the number of nights spent in different forms of accommodation reveals that most enjoyed growth in the period 2001 to 2005, but it is evident that the big winner is Camping and mobile homes, with inbound visitors spending twice as many nights



in these types of accommodation in 2005 than was the case four years earlier. Camping and mobile homes accounted for nearly five million visitor nights in 2005.

There is enormous variation between the accommodation choices made by inbound visitors from different markets as becomes apparent from a glance at the next chart. Around three out of every five nights spent in the UK by visitors from both New Zealand and India are as a free guest of relatives or friends, but interesting differences emerge even between these two markets when looking at other accommodation choices, with almost a fifth of nights spent in the UK by visitors from India being in a 'rented house', far higher than for visitors from New Zealand.

Of note for visitors from Spain is the fact that 10% of all nights spent in the UK fall into the Hostel/University/school category, somewhat above the average figure for most markets. The outstanding characteristic for the US market is the fact that well over one-third of all nights are spent in a hotel or guest house, highlighting one of the reasons why visitors from the US generate much higher spend per night than many other markets. Finally looking at the Dutch market we discover that almost one-in-ten nights fall into the Camping/mobile home category, driving home the importance of outdoor pursuits for visitors from the Netherlands.

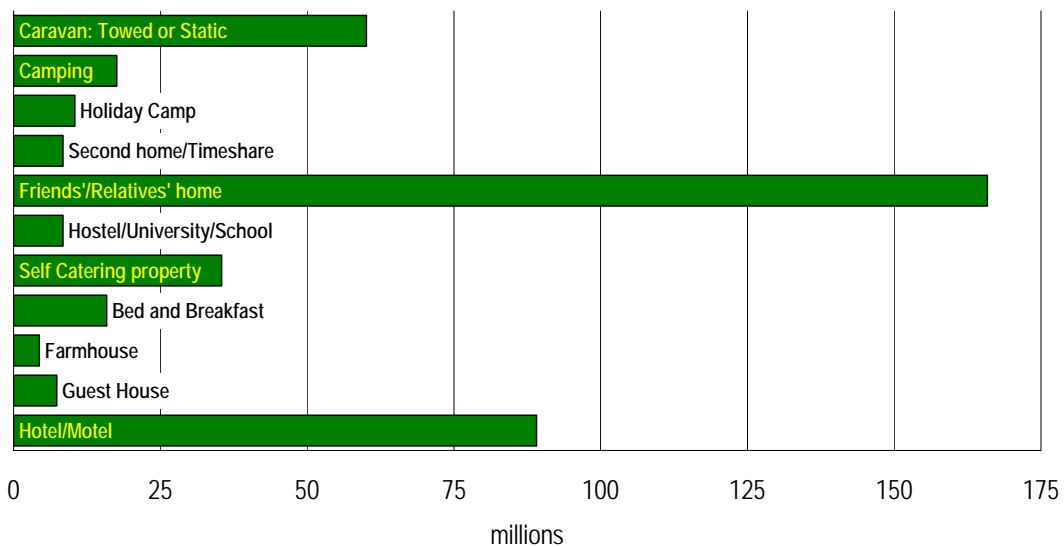


Domestic visitors

An analysis of data taken from the 2005 United Kingdom Tourism Survey (UKTS) allows us to find out which types of accommodation domestic residents choose when taking an overnight trip within the UK. We can see from the chart on the following page that more than 160 million nights, or 40% of all nights, were spent in the homes of either relatives or friends, meaning that just as was the case for inbound visitors this 'free' accommodation option is by far the most popular.

Hotels/Motels account for a fifth of all nights, with B&Bs, Guest Houses and Farmhouses combined accounting for 7%, slightly less than the number of nights in self catering properties. The increased popularity of caravanning is clear, with one-in-seven of all nights spent away from home in 2005 being in either a towed or static caravan.

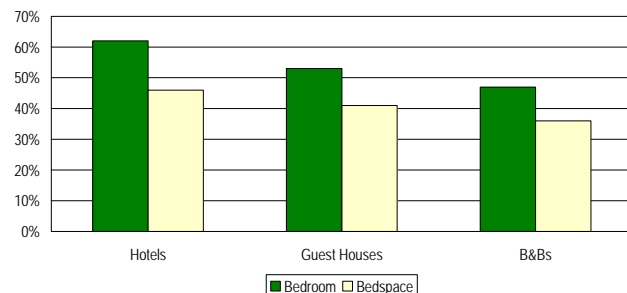
Domestic visitors: nights by accommodation type



Occupancy

There is much we can learn about the comparative performance of different types of serviced accommodation from the United Kingdom Occupancy Survey (UKOS). Looking first at both bedroom and bedspace occupancy in 2005 in different types of establishment we find that Hotels are the most successful at utilising their assets, with, on average, 62% of bedrooms and 46% of bedspaces occupied on any single night of the year.

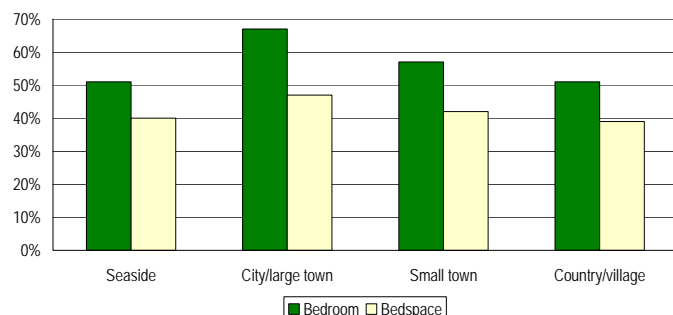
Bedroom and Bedspace Occupancy in 2005
by type of accommodation



For B&Bs the picture is more concerning, with average bedroom occupancy of just 47% - meaning that on any given night more than half of bedrooms in B&Bs across the UK are not earning revenue. On average B&B bedspace occupancy is just 36%.

Turning to location we find that establishments most successful at filling bedrooms tend to be located in cities or large towns, with bedroom occupancy approaching 70%. By contrast, on an average night in country and village locations, as well as at the seaside, only half of bedrooms in serviced accommodation were occupied.

Bedroom and Bedspace Occupancy in 2005
by location of accommodation

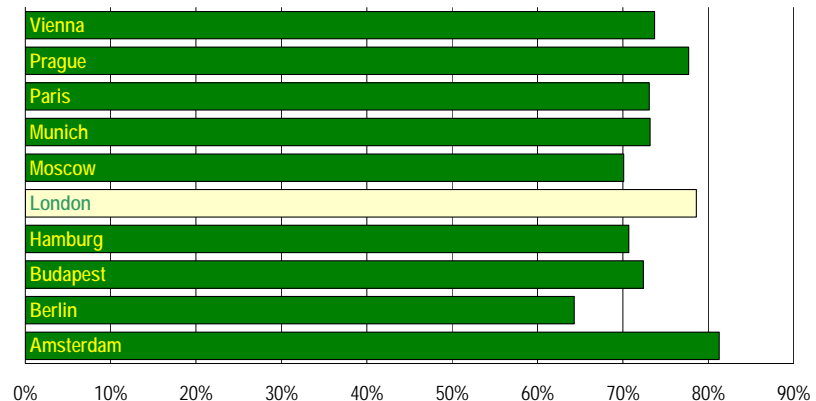


Although seasonal variation means that at peak periods occupancy is far higher than average, these results demonstrate how large a proportion of UK bedstock is failing to earn revenue, and highlights the opportunities on offer through generating increased demand at less busy times. Marketing campaigns such as 'England Rocks' recently launched by enjoyEngland are designed to boost bedroom occupancy during off-season periods.

International comparisons

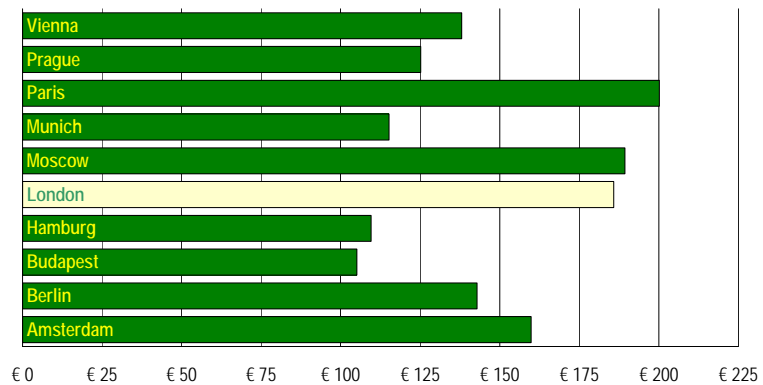
Within the UK London is the most successful destination at filling hotel bedrooms. We can see from the chart (based on data published by TRI Hospitality Consulting), that during the first 11 months of 2006 average bedroom occupancy in London Chain Hotels was a whisker below 80%, only Amsterdam among leading European competitors putting up a stronger performance.

Average Room Occupancy for Chain Hotels (Jan-Nov 2006)
Source: TRI Hospitality Consulting



For accommodation providers it is not the number of bedrooms occupied which is of primary importance, rather it is the amount of revenue earned per bedroom. Again taking results for the first eleven months of last year it is apparent that London had a strong year, with average room rates of €186, only Paris and Moscow achieving higher rates.

Average Room Rate for Chain Hotels (Jan-Nov 2006)
Source: TRI Hospitality Consulting



Good news for accommodation businesses this may be, but the contrast between average room rates in London and those in other European destinations, for example Budapest with €105, helps reinforce the perception that Britain is an expensive destination.

For many visitors, inbound or domestic, it is the 'value for money' offered by accommodation, not simply the room rate that matters. This is one of the driving forces behind VisitBritain spearheading efforts to encourage accommodation providers, small and large, to become 'Quality Assessed', thereby providing visitors far greater peace of mind when booking a room that they will receive the level of service they are expecting whatever the room rate might be.

To download earlier editions of FORESIGHT visit: www.visitbritain.com/research

Issue 1	November 2003	Market Focus	Issue of the Month
Issue 2	December 2003	USA, Canada and Mexico	Implications of an ageing population in Britain
Issue 3	January 2004	France, Italy, Portugal and Spain	Airport capacity in Britain
Issue 4	February 2004	Poland, Russia, China and South Korea	Visits to Britain by British Nationals living overseas
Issue 5	March 2004	Britain	School holidays and their impact on seasonal spread
Issue 6	April 2004	Australia and New Zealand	West Nile Virus
Issue 7	May 2004	The EU Accession States	The Internet Part 1: Consumers
Issue 8	June 2004	South Africa, Nigeria, Kenya and Ghana	The Internet Part 2: Businesses
Issue 9	July 2004	India and Pakistan	Trends in Cross-Channel Travel Behaviour
Issue 10	August 2004	Belgium, Netherlands, Luxembourg and Ireland	Cost of visiting Britain compared with other destinations
Issue 11	September 2004	Japan, Hong Kong, Philippines and Taiwan	What might climate change mean for tourism in Britain
Issue 12	October 2004	Brazil, Argentina, Chile and Venezuela	London's Olympic Bid – implications for British Tourism
Issue 13	November 2004	Norway, Sweden, Denmark and Finland	Smoking in public places
Issue 14	December 2004	Britain	Outlook for inbound tourism to Britain in 2005
Issue 15	January 2005	UAE, Saudi Arabia, Kuwait and Iran	Inbound tourism and the value of Sterling
Issue 16	February 2005	Germany, Austria and Switzerland	Britain's ethnic diversity
Issue 17	March 2005	Malaysia, Thailand and Singapore	Britain's transport infrastructure
Issue 18	April 2005	Greece, Romania, Bulgaria and Croatia	Foreign Direct Investment & inbound business tourism
Issue 19	May 2005	Israel, Egypt and Turkey	Inbound study visits
Issue 20	June 2005	Poland, Czech Republic and Hungary	Low-cost Airlines
Issue 21	July 2005	USA, Canada and Mexico	Weddings, Stag Weekends and Hen Weekends
Issue 22	August 2005	France, Italy, Spain and Portugal	The Day Visit Market
Issue 23	September 2005	Latvia, Lithuania, Estonia, Ukraine and Belarus	Quality
Issue 24	October 2005	Russia and China	Daylight Saving
Issue 25	November 2005	Australia, New Zealand and South Africa	Outlook for Inbound Tourism in 2006
Issue 26	December 2005	India, Sri Lanka and Bangladesh	Twenty-five years of Inbound Tourism
Issue 27	January 2006	Benelux and Ireland	Tourism Satellite Accounts
Issue 28	February 2006	Japan, South Korea and Hong Kong	Tourism and the Disability Discrimination Act
Issue 29	March 2006	Brazil, Argentina and the Caribbean	Tourism and the National Lottery
Issue 30	April 2006	Nordic region and Iceland	Next generation aircraft
Issue 31	May 2006	Central Europe	The cruise line boom
Issue 32	June 2006	UAE, Kuwait, Bahrain and Oman	The power of football
Issue 33	July 2006	North Africa, Malta and Cyprus	Wind Farms and the Visitor Economy
Issue 34	August 2006	Inbound tourism - the global context	International tourism balance of payments deficit
Issue 35	September 2006	Singapore, Malaysia and Thailand	Inbound visitor decision lead times
Issue 36	October 2006	Greece, Turkey, Bulgaria and Romania	Seasonality
Issue 37	November 2006	Inbound visits by the over 55's	Outlook for Inbound Tourism in 2007
Issue 38	December 2006	USA and Canada	Second homes
Issue 39	January 2007		

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