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' reveals the latest estimates for how much UK tourism is worth and in the first of a two-part analysis Issue of the Month investigates perceptions about different types of holiday activity on offer in Britain.

Market Focus – The size of the tourism market in the United Kingdom

At first sight the question 'how much is tourism worth?' seems like a straightforward enough question, but giving a definitive answer is surprisingly tricky. New figures recently released show that the value of tourism undertaken in the UK stood at £85bn in 2005, with some 80% of this total coming courtesy of domestic tourism.

Changes to survey methodologies mean that it is difficult to compare these results with any individual proceeding year with complete accuracy, but what does emerge is that over the period 2000 to 2005 UK tourism suffered a major setback in 2001 due to the outbreak of Foot and Mouth Disease and the impact of the September 11th terrorist attacks in the US.

Focussing on the total value of tourism in 'real terms' (the final row in the following table), we find that it has taken some four years for the visitor economy, and in particular inbound visitor spending, to fully recover from these events.

	2000 (£bn)	2001 (£bn)	2002 (£bn)	2003 (£bn)	2005 (£bn)
Spending by overseas residents					
Visits to the UK	12.8	11.3	11.7	11.9	14.2
Fares to UK carriers	3.3	3.1	3.1	3.2	2.8
Spending by domestic residents					
Trips of 1+ nights	26.1	26.1	26.7	26.5	22.7
Tourism day trips for leisure	31.8	31.5	31.3	31.8	44.3
Rent for second ownership	0.9	0.9	0.9	0.9	0.9
Total Spending					
Outturn prices	74.9	72.9	73.7	74.2	85.0
2005 prices	84.4	80.8	80.4	78.6	85.0

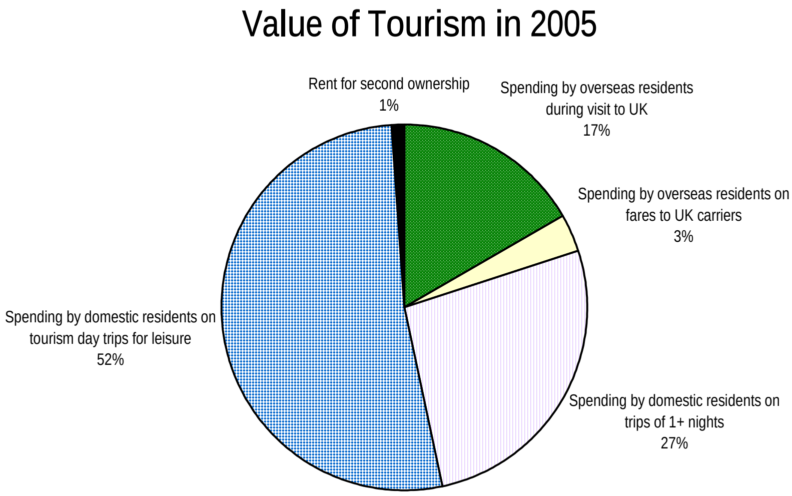
A number of figures in the table are estimated, and figures for both overnight and day visits by domestic residents are subject to changes in survey methodology, meaning figures are not strictly comparable over time. Due to data quality issues covering overnight domestic tourism no figures are shown for 2004.

As can be seen from the table the £85bn total is made up from a number of different components, in line with internationally agreed standards for developing a Tourism Satellite Account, these are:

- Spending by inbound visitors, estimated at £14.2bn in 2005
- Fares paid to UK carriers by overseas residents, estimated at £2.8bn in 2005
- Spending by domestic residents on overnight domestic trips, estimated at £22.7bn in 2005
- Spending by domestic residents on ‘tourism day visits’, estimated at £44.3bn in 2005
- Imputed rent from second home ownership, estimated at £0.9bn in 2005

It is perhaps easier to visualise the relative importance of each of these elements by looking at the following pie chart.

This makes it clear that inbound visitor spending in the UK along with the fares that inbound visitors pay to UK carriers constitute just 20% of the £85bn.



It is worth noting that the figures presented here exclude expenditure in the UK by UK residents related to outbound trips, for example package tour payments that pay for the services of UK based travel agencies or tour operators and spending in the UK before or after a trip abroad. It is estimated that the total value of such payments in 2005 was £19.5bn.

Domestic Day Visits

As can be seen from the chart, tourism ‘day visits’ constitute more than half of the total figure, and it is important to recognise that much of the growth in spending on this type of trip in recent years is driven by changing leisure behaviour leading to significant increases in spending on retail items (particularly non-convenience shopping) that qualifies as being generated on ‘tourism day visits’. Such a visit is defined as one lasting for more than three hours and not taken on a regular basis.

The estimate for total UK wide spending on tourism day visits in 2005 has been based on the results of the England Leisure Visits Survey 2005, conducted by the Countryside Agency (now Natural England) and sponsored by a consortium of national agencies with an interest in recreation and tourism.

As the survey only looked at trips by the English in England VisitBritain commissioned Research International to estimate the value of trips in Great Britain, with further work undertaken by VisitBritain, the Department of Media, Culture and Sport and the Northern Ireland Tourist Board in order that a UK level figure could be estimated.

Retail

It is important to recognise that not all of this tourism spending is on stereotypical tourism goods or services such as admission to attractions or overnight accommodation. Indeed, it is estimated that £21.2bn out of the £85bn (that is 25%) is spent on 'retail' items. One of the factors sitting behind this is the trend referenced earlier for more 'retail' trips to qualify as a 'tourism' day visit now than was the case a decade or so ago.

For example, if a family living in Ipswich now take an occasional shopping trip to either Bluewater or Lakeside shopping centres the chances are the round trip will last for more than three hours – and thus it will qualify as a tourism day trip. A few years ago the same family may have taken a similar shopping trip to a local shopping centre, with trip duration being shorter and the expenditure therefore not counted as spending during the course of a tourism trip.

Sources

The following table shows sources of information for each component making up the total £85bn figure.

Spending by overseas residents	Data Source
Visits to the UK	International Passenger Survey
Fares to UK carriers	Estimates based on National Statistics Balance of Payments
Spending by domestic residents	**Data Source**
Trips of 1+ nights	UK Tourism Survey
Tourism day trips for leisure	Estimates from Day Visits Surveys 1998, 2002 and 2005
Rent for second ownership	UK Tourism Satellite Account - First Steps Project

Future estimates

An estimate for the total value of UK tourism in 2006 is expected to be available later in the year, but it should be noted that the 'Day Visits' figure will be an estimate, as this survey is not conducted on a continuous basis. The next Day Visits Survey will run in 2008 at the earliest, but every effort will be made to ensure consistency in methodology.

Once the Office for National Statistics publish final figures for UK industry Gross Value Added in 2005 later in 2006 it will be possible to update the current estimate for the proportion of GVA accounted for by tourism (estimated at 3.3% in 2003).

Issue of the Month – Holiday activities in Britain – Perceptions (Part 1)

Over the next two months Foresight will be taking a look at how the world views Great Britain as a destination for participating in different types of holiday activity, and the results show just how important our 'traditional' selling points still are, but also the growing interest in enjoying a much more diverse range of experiences on a potential visit to Britain. The following box provides key information about the source for all these insights, the Anholt GMI Nations Brand Index.

What is the Nation Brands Index?
The NBI is a syndicated consumer quantitative research survey - a joint production between GMI (an American market research agency) and Simon Anholt (a world renowned expert on nation branding).

Each quarter, a worldwide online panel of consumers is polled on their perceptions of the cultural, political, commercial and human assets, investment potential and tourist appeal of around three-dozen developed and developing countries. This provides a clear index of national brand power, a unique barometer of global opinion.

In addition to understanding UK as a nation brand, VisitBritain also add our own questions to focus on tourism issues.

About the Methodology
It is an online panel survey using samples from GMI (one of the world's largest actively managed consumer panels). The sample sizes in each market range from 200-1000 (but most of our key markets are 1000 sample size). There are 38 markets included.

We have detailed information on the size and demographic detail of each panel from which the NBI samples come. Panels are representative of the ONLINE population of each market not the general population.

Most participants have NOT visited UK so these opinions are based on PERCEPTIONS and imagined visits NOT experience. They are not classic Britain "best prospects" but general representatives of their countries.

Nation Brand - headline results

As a 'nation brand' Britain has been consistently ranked top over the past couple of years according to the Anholt-GMI Nations Brand Index, and results from Wave 4 of 2006 reconfirm this status.

We can see from the table that Germany has been in second spot for the past two waves of the quarterly survey, with only small changes in the nations making up the top five. It is interesting to note that Italy has slipped down the table, potentially due to having performed well in terms of sporting credentials earlier in the year following its FIFA World Cup victory.

The USA continues to struggle to retain its spot in the top-ten, with perceptions about Governance being a particular area of weakness.

	Rank	
	Wave 4 2006	Wave 3 2006
UK	1	1
Germany	2	2
Canada	3	4
France	4	6
Switzerland	5	5
Australia	6	10
Sweden	7	7
Italy	8	3
Japan	9	8
USA	10	9

Blue = no change in rank since last wave
Green = improvement in rank since last wave
Red = deterioration in rank since last wave

Activity ratings

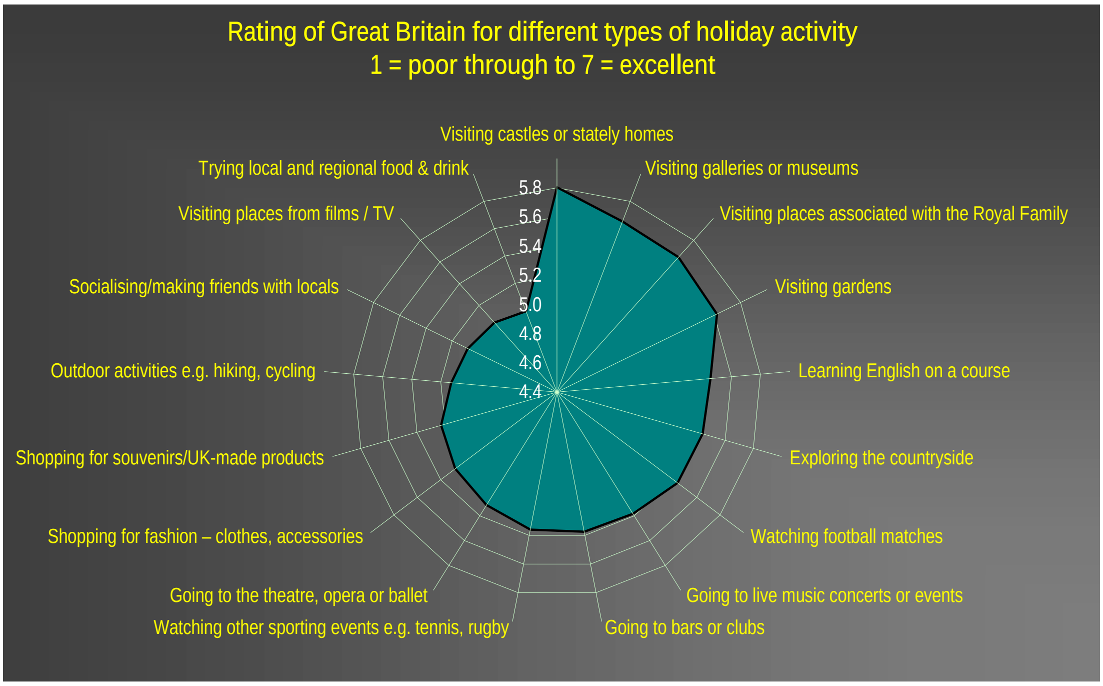
Focussing on VisitBritain sponsored questions Wave 4 2006 considered perceptions of Britain as a destination for doing different types of holiday activities (with a further set of activities covered in Wave 1 2007, on which Foresight will report next month). Note that throughout the following analysis UK respondents have been excluded.

With the views of nearly 25,000 overseas residents as the foundation we can be confident that the Anholt-GMI Nations Brand Index is a reliable vehicle for investigating perceptions of Britain as a holiday destination for different types of activities and this is one of the reasons why we ask the activity questions on an annual basis. The first VisitBritain question on this topic put to respondents was:

"We'd like you to think about Great Britain as somewhere to visit for a holiday. By Great Britain we mean the countries of England, Scotland and Wales. How would you rate Great Britain overall as a holiday destination where people might do the following activities?"

A list of seventeen activities was covered, with respondents rating each on a scale ranging from 1 (representing 'Poor') through to 7 (representing 'Excellent').

We can see from the chart that Britain scores consistently well across each of the activities, with ratings falling in a fairly narrow range from 5.0 to 5.8 – all comfortably towards to top end of the 1 to 7 scale being used.



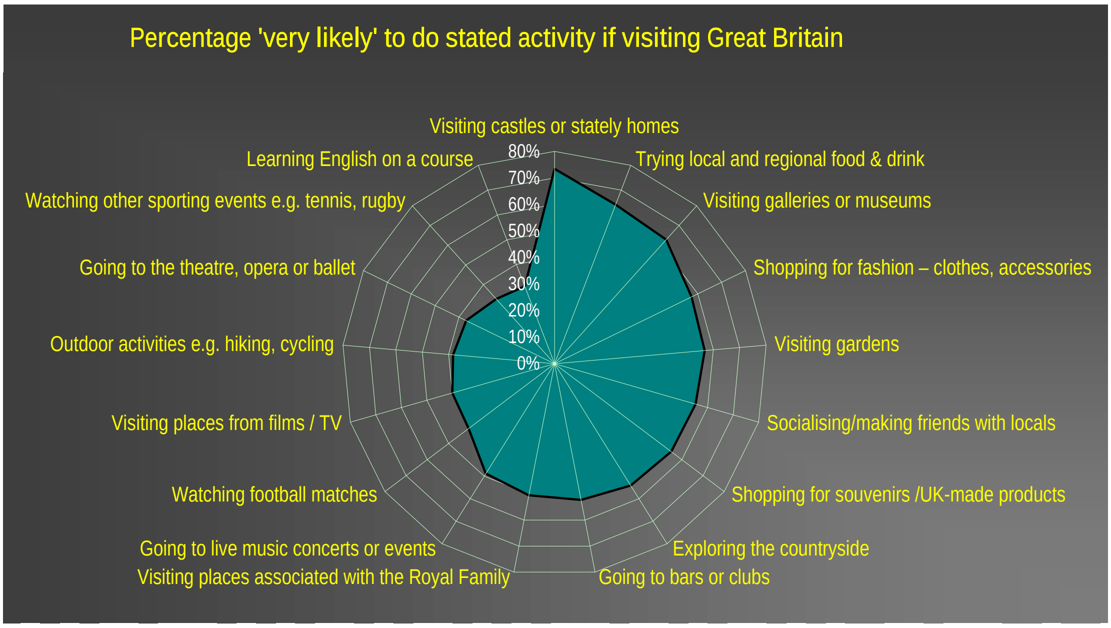
The unquestionable importance of Britain's cultural and built heritage shines through, with 'Visiting castles or stately homes' and 'Visiting galleries or museums' topping the table. Although receiving slightly lower ratings 'Visiting places from films/TV' and 'Trying local and regional food and drink' achieve a score of 5.0.

But how likely is it that the activity would be undertaken?

Its one thing to discover how potential visitors rate Britain as a destination for different types of activity, but this does not necessarily translate into a definite intention to devote time to that activity were the respondent to visit Britain. This is why respondents are asked:

"And now imagine that you were to visit Great Britain – please tick which of these activities YOU PERSONALLY would be VERY LIKELY to do on a visit to Great Britain. You can tick as many or as few as you like."

The chart highlights that there are some similarities, but also some striking differences, between the ratings of Great Britain as a destination for each activity and the likelihood that the respondent would actually participate in the activity on a visit to Britain.



Visiting castles and stately homes still holds top spot but 'Trying local and regional food and drink' has moved into second place, with almost two-thirds saying they would personally be very likely to do this on a visit to Britain. Shopping for fashion, clothes and accessories is another activity that performs very strongly relative to its rating. Unsurprisingly only a minority reckon that they would be very likely to partake in 'Learning English on a course' even though Great Britain was recognises as an ideal destination for such an activity.

We can use another question in the 'core' section of the survey when analysing the percentage of respondents 'very likely' to do each activity on a potential visit to Britain:

"Please give each country a rating from 1 to 7 where 7 means you would "be strongly most likely to visit" if money was no object and 1 means you would "be strongly UNlikely to visit" if money was no object.)"

Using the results from this question we can group respondents into those unlikely to visit Britain and those likely to visit if money were no object. Here only those rating Britain with a 6 or 7 are assumed to be likely to visit, with those rating 1-5 assumed to be unlikely to visit. The following table shows that for each activity those likely to visit Britain have a higher tendency to say they would be personally very likely to do the activity on an imaginary visit to Britain than the group of respondents that are unlikely to visit.

Activity	If money were no object Not Likely to visit	 Likely to visit	All Respondents
Visiting castles or stately homes	60%	81%	73%
Visiting galleries or museums	50%	72%	65%
Trying local and regional food & drink	52%	71%	64%
Shopping for fashion – clothes & accessories	48%	65%	59%
Visiting gardens	46%	62%	57%
Shopping for souvenirs and British-made products	43%	62%	56%
Socialising / making friends with local people	39%	63%	55%
Exploring the countryside	45%	60%	55%
Going to bars or clubs	42%	58%	53%
Visiting places associated with the Royal Family / Monarchy	37%	58%	51%
Going to live music concerts or events	38%	56%	49%
Watching football (soccer) matches	38%	44%	42%
Visiting places from films / TV	32%	45%	40%
Outdoor activities e.g. hiking, cycling	31%	43%	39%
Going to the theatre, opera or ballet	27%	44%	38%
Watching other sporting events e.g. tennis, rugby matches	28%	37%	34%
Learning English on a course	24%	35%	31%

So, more than four-in-five (81%) of those likely to visit Britain say that they would be very likely to visit castles or stately homes, with 72% very likely to visit galleries or museums. Although registering a lower percentage it remains the case that more than two-in-five (44%) say they would be very likely to watch a football match with 37% very likely to watch other sporting events such as tennis or rugby.

Film and TV locations

The list seems endless; Braveheart, Notting Hill, The Da Vinci Code and this year Miss Potter – all films that have an association with locations across Britain, not to mention the global reach of 'soaps' such as EastEnders and Coronation Street. By exploring the wealth of information emerging from the Anholt-GMI Nations Brand Index we can start to get a feel for just how influential all these blockbusters and television shows are on potential visitors to Britain.

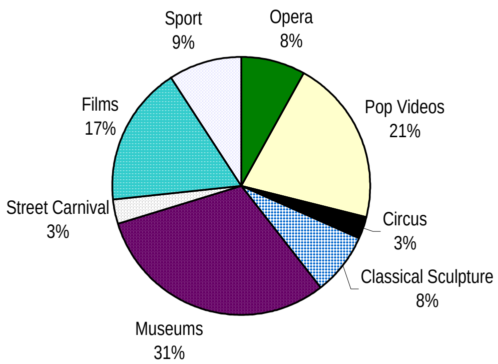
Firstly lets look at the results from one of the 'core' NBI questions:

"Please pick the kind of cultural activity or product which you would most expect to see produced in Great Britain"

Respondents were given a list of nine different cultural activities and products to choose from and the results are presented in the pie chart.

Museums are a clear winner with 3-in-10 stating that this is the cultural product they would most expect to find in Britain. However, contemporary culture performs strongly, with more than a fifth of respondents selecting 'Pop Videos' and an impressive one-in-six, or 17% picking 'Films'.

Cultural activity or product most expected to be produced in UK



Figures in the earlier table show that of those respondents likely to visit Britain if money were no object 45% would be personally very likely to visit places from films and TV during their trip.

An analysis of the demographic characteristics of those saying that they would be both very likely to visit Britain if money were no object and 'very likely' to visit places associated with film and TV during a trip shows that this activity appeals slightly more to females than to males (55% versus 45%), but that it has a strong resonance across all age bands.

Whether the respondent had children aged under 18 living in their household appears to have little impact on the likelihood that they would visit places associated with film and TV locations on a trip to Britain. However, 65% of those likely to undertake this activity were either married or living with another person.

Looking at respondents by country of residence we discover that visiting film and TV locations in Britain seems to appeal to potential visitors from 'emerging' markets such as Mexico and China far more than it does to those from 'mature' markets such as France and the USA.

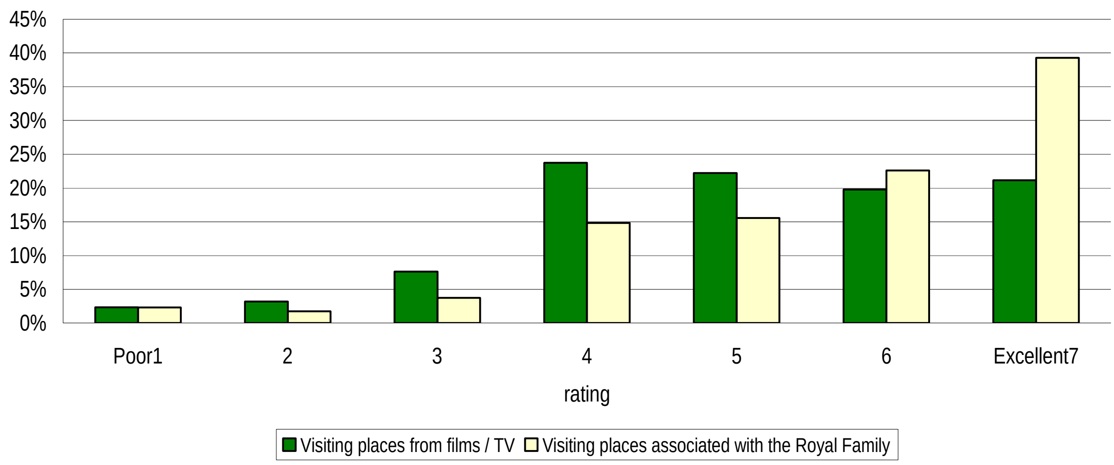
Although only a selection of countries are shown in the table the pattern is fairly consistent, suggesting that the most responsive target audience for marketing that features film and TV locations in Britain is to be found in newly developing markets for inbound tourism to Britain.

Mexico	70%
Hungary	65%
China	60%
Poland	58%
Malaysia	58%
Russia	52%
India	50%
Italy	42%
Japan	40%
France	36%
USA	36%
Sweden	22%
Netherlands	22%

Monarchy

There are few more recognisable symbols of Britain on a global stage than the Royal Family and this assertion is fully supported by results from activity questions included in the Anholt-GMI Nations Brand Index. The chart looks at ratings of Britain as a holiday destination for the two activities we are taking an in-depth look at this month and it is readily apparent just how highly Britain is rated as a destination for visiting places associated with the Royal Family. Some 39% of respondents rated Britain as an 'Excellent' destination for this activity, compared with 21% saying Britain was 'Excellent' for visiting places associated with film and TV locations.

Activity Ratings



The earlier table revealed that of those likely to visit Britain 58% say they are personally ‘very likely’ to visit places associated with the Royal Family during a trip to Britain, but once again we find that there is considerable variation once we look at the results by individual country of residence.

The markets most likely to seek out places associated with the Monarchy on a trip to Britain tend to be either ‘emerging’ economies such as China and Mexico, or Commonwealth countries such as Malaysia, Canada and India.

By contrast not very many mainland Europeans likely to visit Britain say that they would be personally ‘very likely’ to visit places associated with the Royal Family, with only a fifth to a quarter of visitors from Nordic countries saying they would do this.

Malaysia	77%
China	73%
Poland	72%
Mexico	72%
Canada	71%
Australia	71%
South Africa	70%
Russia	68%
India	68%
New Zealand	65%
Korea	62%
USA	59%
France	52%
Germany	50%
Spain	38%
Ireland	35%
Sweden	22%

Turing to demographic characteristics we find that in comparison to those very likely to visit locations associated with film and TV locations, those saying they would be very likely to visit places associated with the Royal Family tend to be slightly older with a greater likelihood that children under the age of 18 will be present in their household, although neither of these demographic differences is extreme.

Next month…

In the May edition of Foresight we will look at results from Wave 1 2007 of the Anholt-GMI Nations Brand Index, including findings from the second tranche of VisitBritain ‘holiday activities’ that respondents are quizzed about, encompassing activities such as playing golf, researching ancestry and going to a pub. We will also discover whether there are any differences between perceptions of museums and art galleries as these activities are dealt with separately rather than as a combined activity.

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

		Market Focus	Issue of the Month
Issue 1	November 2003	USA, Canada and Mexico	Implications of an ageing population in Britain
Issue 2	December 2003	France, Italy, Portugal and Spain	Airport capacity in Britain
Issue 3	January 2004	Poland, Russia, China and South Korea	Visits to Britain by British Nationals living overseas
Issue 4	February 2004	Britain	School holidays and their impact on seasonal spread
Issue 5	March 2004	Australia and New Zealand	West Nile Virus
Issue 6	April 2004	The EU Accession States	
Issue 7	May 2004	South Africa, Nigeria, Kenya and Ghana	The Internet Part 1: Consumers
Issue 8	June 2004	India and Pakistan	The Internet Part 2: Businesses
Issue 9	July 2004	Belgium, Netherlands, Luxembourg and Ireland	Trends in Cross-Channel Travel Behaviour
Issue 10	August 2004	Japan, Hong Kong, Philippines and Taiwan	Cost of visiting Britain compared with other destinations
Issue 11	September 2004	Brazil, Argentina, Chile and Venezuela	What might climate change mean for tourism in Britain
Issue 12	October 2004	Norway, Sweden, Denmark and Finland	London's Olympic Bid – implications for British Tourism
Issue 13	November 2004	Britain	Smoking in public places
Issue 14	December 2004	UAE, Saudi Arabia, Kuwait and Iran	Outlook for inbound tourism to Britain in 2005
Issue 15	January 2005	Germany, Austria and Switzerland	Inbound tourism and the value of Sterling
Issue 16	February 2005	Malaysia, Thailand and Singapore	Britain's ethnic diversity
Issue 17	March 2005	Greece, Romania, Bulgaria and Croatia	Britain's transport infrastructure
Issue 18	April 2005	Israel, Egypt and Turkey	Foreign Direct Investment & inbound business tourism
Issue 19	May 2005	Poland, Czech Republic and Hungary	Inbound study visits
Issue 20	June 2005	USA, Canada and Mexico	Low-cost Airlines
Issue 21	July 2005	France, Italy, Spain and Portugal	Weddings, Stag Weekends and Hen Weekends
Issue 22	August 2005	Latvia, Lithuania, Estonia, Ukraine and Belarus	The Day Visit Market
Issue 23	September 2005	Russia and China	Quality
Issue 24	October 2005	Australia, New Zealand and South Africa	Daylight Saving
Issue 25	November 2005	India, Sri Lanka and Bangladesh	Outlook for Inbound Tourism in 2006
Issue 26	December 2005	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	
Issue 35	September 2006	Singapore, Malaysia and Thailand	International tourism balance of payments deficit
Issue 36	October 2006	Greece, Turkey, Bulgaria and Romania	Inbound visitor decision lead times
Issue 37	November 2006	Inbound visits by the over 55's	Seasonality
Issue 38	December 2006	Outlook for Inbound Tourism in 2007	
Issue 39	January 2007	USA and Canada	Second homes
Issue 40	February 2007	Ferry passenger visitors	Accommodation choices
Issue 41	March 2007	What will shape tourism in the next decade?