

FORESIGHT is a monthly commentary on significant issues within the tourism sector. This month we take an in-depth look at the changing shape of overnight domestic tourism in the UK - comparing results from the United Kingdom Tourism Survey of 1996 with newly released figures for 2006. To help shed light on these changes we consider trends in some of the key external factors over the past decade, including economic growth and the boom in low-cost air travel.

United Kingdom Tourism Survey - Methodology

The bulk of the data that is explored this month is taken from the United Kingdom Tourism Survey (UKTS), which is designed to measure the volume and value of overnight tourism within the United Kingdom, and is jointly sponsored by the statutory tourist boards of the United Kingdom. Since its inception back in 1989 the survey has undergone a number of fundamental methodological changes, meaning that, unlike the case for inbound tourism where we have the International Passenger Survey, it is not possible to explore time trends in the volume and value of domestic overnight tourism.

The table shows key survey characteristics in 1996 and 2006 revealing that the mechanism for capturing data was comparable, namely face-to-face interviews conducted in the respondents' own home.

	1996	2006
Number of interviews	74,924	102,246
Unweighted number of trips	29,731	19,750
Respondent age range	15+	16+
Interview format	face-to-face - in home	face-to-face - in home
Recall period	2 months	1 month
No. trips asked about	any during recall period	3 most recent only

However, a notable difference is the 'recall period' adopted in each year, with respondents being quizzed about every trip they had undertaken during the past two months in 1996, whereas in 2006 only the three most recent overnight trips taken during the past month were covered. This change improves the quality of data capture as fewer trips get forgotten about by respondents, helping to explain why despite 27,000 more interviews taking place in 2006 than a decade earlier, ten thousand fewer actual trips were recorded by the survey.

Trip characteristics

As we cannot make robust year-on-year comparisons the following analysis looks at how the 'mix' of overnight domestic trips has changed during the past ten years, but to help set the scene the table provides headline figures from 1996 and 2006.

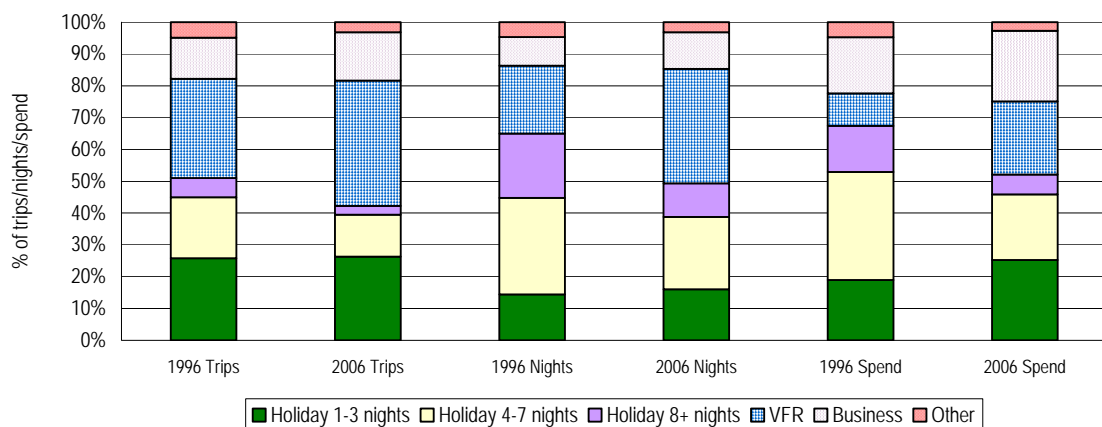
	1996	2006	change
Trips (m)	127	126	-1%
Nights (m)	455	400	-12%
Spend (£m, 2006 prices)	18,027	20,965	16%
Nights per trip	3.6	3.2	-12%
Spend per night (£s, 2006 prices)	40	52	29%
Spend per trip (£s, 2006 prices)	141	166	17%

Despite the overall volume of trips remaining broadly flat we can see from the table that in 2006 average trip length was lower than a decade before leading to a decline in the number of visitor nights. However each trip was generating higher average spend in real terms, as was each individual night away from home, resulting in a modest increase in the total value of overnight domestic tourism. It must be stressed, however, that methodological changes mean that these comparisons are merely indicative.

Turning our attention to the 'nature' of overnight tourism trips in 1996 and 2006 we can start to get a feel for how things have changed. Starting with the journey purpose mix we can see from the following chart that 1-3 night holiday trips remain as important today as a decade ago in relative volume terms, whereas their value has grown in relative terms, being worth 19% of the overnight domestic tourism market in 1996 and 25% last year.

By contrast one of the 'big losers' in relative volume and value terms are holiday trips that last 4 nights or more, representing virtually 50% of spend in 1996 but just over a quarter of spend in 2006. Mirroring the situation for inbound tourism, the past decade has brought about growth in the relative importance of visiting friends and relatives trips, with these now accounting for almost two-in-five overnight domestic trips and almost one-quarter of visitor spending.

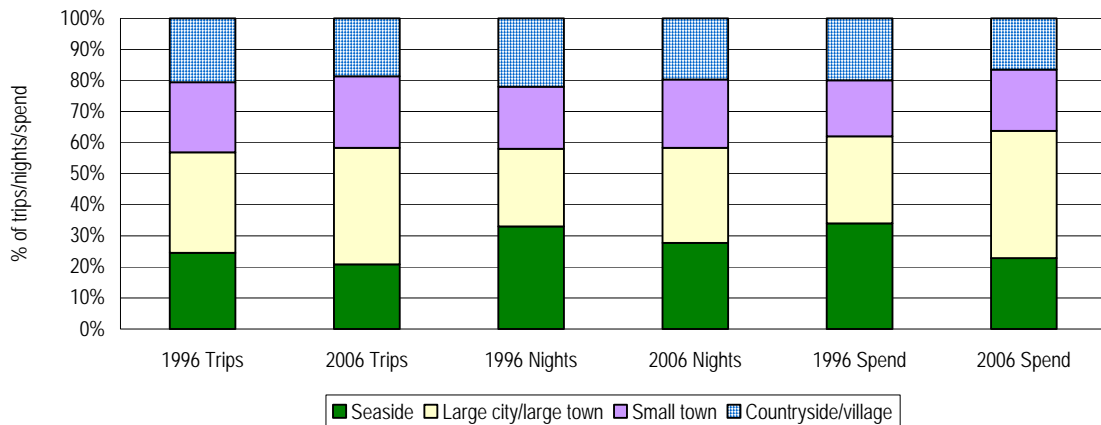
Purpose distributions



The shift in favour of 1-3 night holidays and away from those that are of longer duration is reflected in the next chart showing the type of destination for overnight trips in 1996 and 2006. We can see that the proportion of visitor spending at seaside destinations was around one-third ten years ago, but has now fallen to less than one-quarter. In stark contrast the share of trips and spend accounted for by cities and large towns has grown from less than one-third to around two-fifths, highlighting the growing importance of 'city breaks'.

The relative importance of smaller towns, villages and the countryside is not significantly different in 2006 than was the case a decade earlier, accounting for 38% of spend in 1996 and 36% last year, hinting that these areas have made good progress in recovering from the devastating impact that the 2001 Foot and Mouth Disease outbreak had on rural tourism.

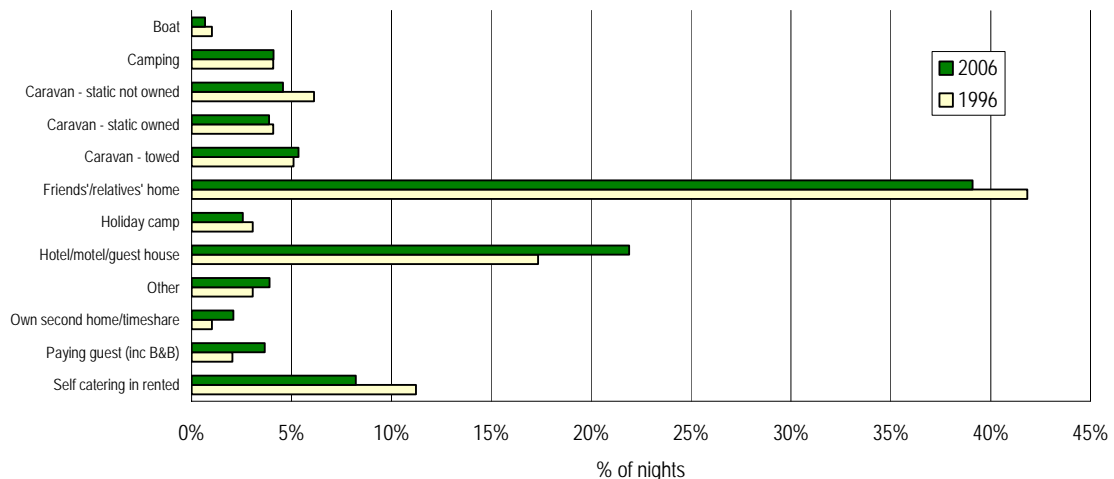
Type of destination



We can get a further insight into changing patterns of trip taking by looking at the type of accommodation that is used. The following chart reports the proportion of nights spent in different types of establishment and reveals that the home of a friend or a relative, was, and despite a slight reduction in its relative share, still is the most commonly used type of accommodation for overnight domestic trips. The proportion of nights spent in Hotels, Motels and Guest Houses has increased from 17% to 22% during the past decade.

By contrast the proportion of nights in rented self-catering accommodation declined from 11% to 8% between 1996 and 2006. Taking all forms of camping and caravan accommodation together this sector has retained its market share at around one-fifth of all visitor nights.

Accommodation for overnight domestic trips

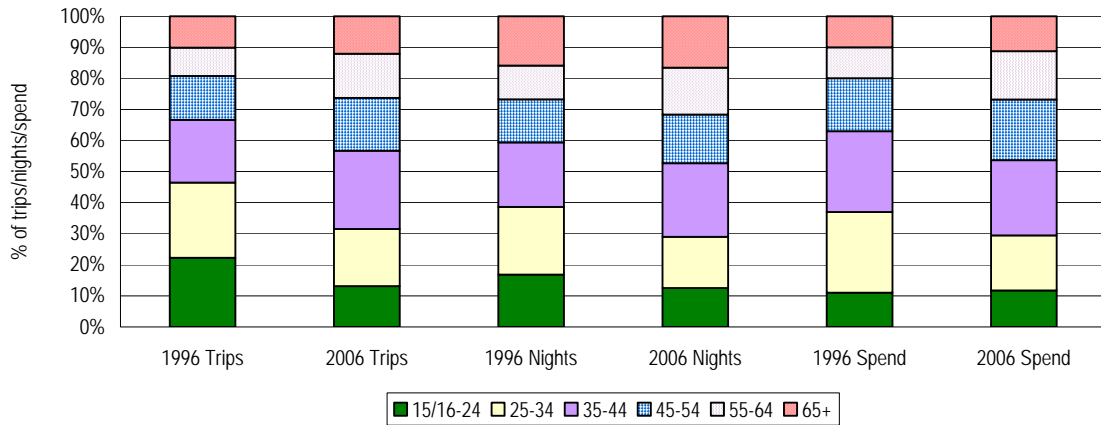


Trip taker characteristics

The next chart explores the proportion of trips, nights and visitor spending accounted for by people from different age bands in 1996 and 2006. It becomes apparent that the relative importance of those aged under 34 has declined – back in 1996 this group was responsible for 46% of all trips and 37% of all visitor spending, whereas last year the respective figures were

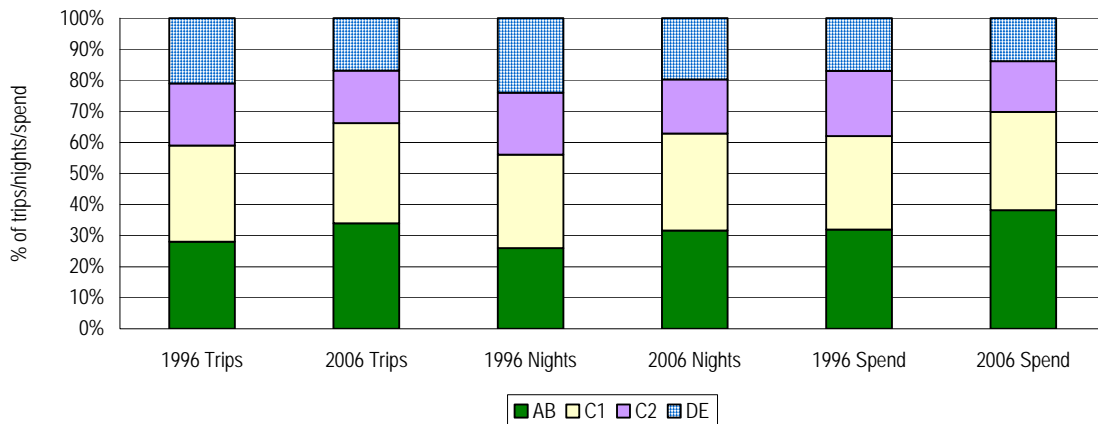
31% of trips and 30% of visitor spending. Growing in importance across all three measures are those aged 45 or older, responsible for 33% of trips and 37% of visitor spending in 1996 but 43% of trips and 47% of visitor spending in 2006.

Age distribution



There have been relatively minor shifts in terms of the share of domestic overnight tourism accounted for by different social grade groups during the past decade. The following chart indicates to us that those whose social grade is AB (Professional and managerial) have grown in importance for UK tourism relative to the C2 (Skilled manual) and DE (Unskilled, state pensioners etc) groupings, with little movement in the share of trips, nights and visitor spending accounted for by those from social grade C1 (Clerical and supervisory).

Social grade



In both 1996 and 2006 the UKTS recorded whether or not children were present in the respondents' household, and as we can see from the table the proportion of visitor spending accounted for by those who did not have children present in their household has risen sharply over the course of the past decade, from 58% in 1996 to 71% last year.

Children present in household	Proportion of visitor spending	
	1996	2006
Yes	42%	29%
No	58%	71%

Outbound travel

As we discovered earlier, there appears to have been little growth in the volume of domestic overnight tourism in the past decade. The same cannot be said for the volume of outbound tourism from the UK. According to figures from the International Passenger Survey¹ Britons took 42 million trips to overseas destinations in 1996, whereas by last year this figure had risen to just under 69 million, a jump of 63%.

The following chart expresses the relationship between growth in outbound travel from Britain and the strength of UK economic performance. The economy has expanded at 2% or more in each and every year, with unemployment stable at between 5% and 6% for much of the period. With increased prosperity and a strong labour market a growing proportion of the population is in a financial situation that puts overseas travel well within its grasp, not only for the traditional one or two week summer holiday, but for multiple annual trips.

Outbound tourism and economic performance



It would be foolish to believe that the enormous growth in outbound travel from the UK can be explained away simply by virtue of an economic boom. A pivotal factor has been the rapid expansion in the availability of low-cost flights from just about every corner of Britain to hundreds of destinations across Europe. Many of these destinations were completely unknown in the early 1990s, let alone on the radar in terms of a 'weekend break' option.

Economics is all about supply and demand, but occasionally it's unclear whether demand leads to supply, or supply to demand. The ability of low-cost airlines to operate near full planes from Britain to towns and cities across Europe courtesy of high profile, price-led marketing is a case in point.

The table, based on Civil Aviation Authority data, shows the growth in terminal passengers at major British airports between 1996 and 2006. It is evident that there has been phenomenal growth at regional airports and those London airports favoured by the low-cost carriers. By contrast there has been very little traffic growth at Heathrow, our most important hub airport for long-haul travel.

Airport	% change 1996-2006
Liverpool	702%
Bournemouth	512%
Stansted	393%
Exeter	381%
Prestwick	359%
Bristol	310%
Luton	291%
Southampton	252%
London City	226%
Leeds Bradford	165%
East Midlands	159%
Edinburgh	126%
Newcastle	123%
Birmingham	69%
Glasgow	61%
Manchester	53%
Gatwick	41%
Aberdeen	36%
Heathrow	21%

Expenditure habits

Figures from the Expenditure and Food Survey (www.statistics.gov.uk) enable us to see how much money the typical household spends on different types of goods and services during the average week. From the following table we can see that the average household spends around £37 per week on restaurants and hotels, that's 8% of all expenditure, but that this varies from £9.50 for a household containing a single retiree, to £47.20 per week for a household containing a couple and children.

The importance of expenditure on 'recreation and culture' is plain, accounting for more than an eighth of all weekly expenditure for the typical household. Not all of this expenditure will be on tourism however, as it will include spending on items such as trips to the local cinema.

Household expenditure by selected household types, 2005/06

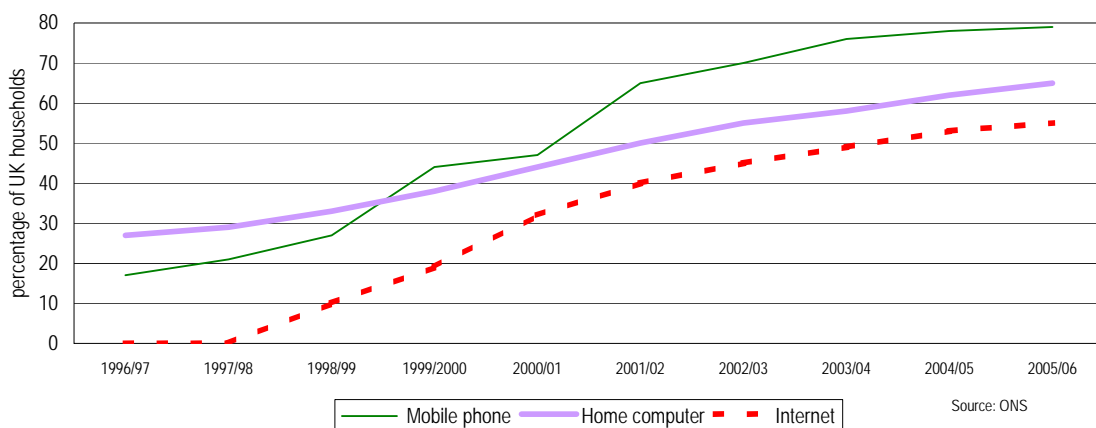
	Couple		Single		Retired couple	Retired single	All households
	with children	with no children	with children	with no children			
Transport	£85.60	£77.80	£30.80	£38.70	£45.20	£12.40	£61.70
Recreation and culture	£79.00	£68.10	£39.60	£34.90	£52.90	£21.10	£57.50
Restaurants and hotels	£47.20	£45.50	£22.80	£23.20	£24.40	£9.50	£36.70
All household expenditure	£614.20	£527.30	£320.40	£288.20	£333.50	£166.60	£443.40

Source: Expenditure and Food Survey, Office for National Statistics

Communications

Over the past decade it has become increasingly easy to communicate with people through a host of technological mediums, potentially at the expense of some traditional tourism trips that took place simply in order to 'meet up' with friends or relatives. The following chart highlights the seismic shift in our use of communications technology that has occurred since 1996.

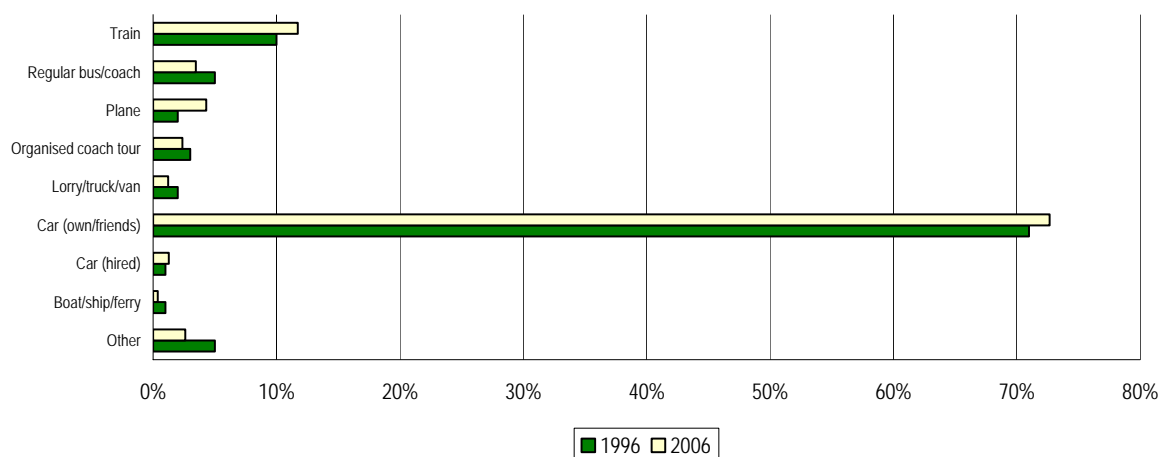
Getting connected



Getting around Britain

In 1996 overnight tourism trips were predominantly made by car, and as we can see from the following chart very little has changed in the past decade, with more than seven-in-ten trips in 2006 making use of the households' own car. There has been a well-publicised renaissance in rail usage in the UK, but rail is the preferred mode of transport for only an eighth of overnight tourism trips.

Mode of transport



There is plenty of anecdotal evidence about increasing congestion on our road network, but 'measuring' congestion is notoriously tricky. One approach is to look at average speeds, and Department for Transport (DfT) studies have found that average speeds during morning and evening peak periods on trunk roads fell between 1995 and 2003. However, average speeds at off-peak times remain fairly steady at 55mp. Surveys of average speeds on urban roads outside of Greater London show little change in average speeds over the past decade.

According to the British Social Attitudes Survey congestion on motorways is a serious issue for nearly a third of people, however, people are more concerned about traffic congestion in towns and cities, with over a half reporting it as a serious issue for them. Higher occupancy per car leads to less congestion, and according to DfT figures 'holiday trips' undertaken by car have a typical occupancy of 2.1 persons, well above the overall average car occupancy of 1.6 persons.

In conclusion

We cannot chart the progress of domestic overnight tourism from one year to the next, and make reliable claims about changes in the overall volume and value of trips, but what does emerge from the above discussion is that in the past decade there have been winners and losers. Holidays lasting just a couple of nights, and trips to cities and large towns have been on the up, whereas the relative importance of longer holidays and trips to seaside destinations have witnessed a marked decline in their market share.

UK tourism is now more dependent on those aged 45 or older than it was a decade ago, as it is on those from social grades AB. This change in the demographic characteristics is perhaps one of the factors behind the apparent increase in average expenditure per night and per trip, despite declining average length of stay. Rented self-catering accommodation has lost market share to hotels and 'guest houses', but camping and caravanning remains a vital sector and, despite the comparatively low costs associated with this type of accommodation, accounts for a tenth of overnight domestic tourism spending in the UK.

Unprecedented growth in the availability of low-cost flights to foreign destinations, along with a consistently strong economy has meant that the competitive challenge faced by UK tourism businesses from overseas destinations has never been fiercer. Early indications are that growth in outbound travel is slowing, possibly due to greater media attention on the alleged environmental impacts of aviation. Now that the UKTS is on a sound methodological footing it will be fascinating to see whether in 2007 domestic overnight tourism can grow at the expense of outbound travel, although this cause will not have been helped by recent heavy rainfall.

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Issue 8	June 2004	South Africa, Nigeria, Kenya and Ghana	The Internet Part 1: Consumers
Issue 9	July 2004	India and Pakistan	The Internet Part 2: Businesses
Issue 10	August 2004	Belgium, Netherlands, Luxembourg and Ireland	Trends in Cross-Channel Travel Behaviour
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