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' considers the inbound visitor market for those aged 16 to 24, investigating recent trends and market characteristics. 'Issue of the Month' takes its second look at the ways in which climate change could influence the future of tourism in Britain.

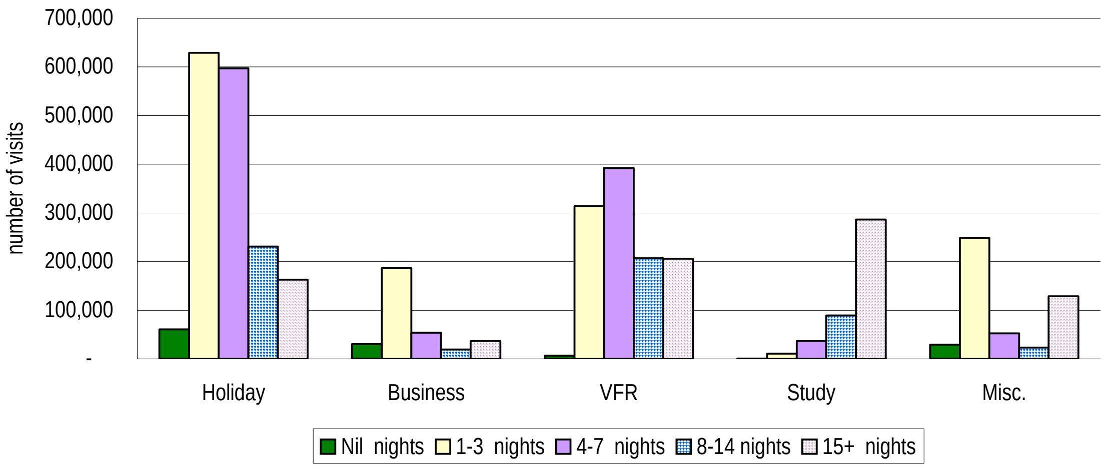
Market Focus – Inbound visitors aged 16 to 24

According to data from the International Passenger Survey[1] Britain welcomed more than four million inbound visitors aged 16 to 24 last year, with these visitors contributing over £2.3bn to the UK's visitor economy. A defining characteristic of this segment is 'length of stay'. From the table we see that visitors aged 16-24 accounted for just over an eighth of visits and visitor spending, but almost a quarter of all inbound visitor nights.

	16-24	All ages	Market Share
Visits (000s)	4,125	32,713	13%
Nights (000s)	64,916	273,417	24%
Spend (£m)	2,322	16,002	15%
Spend per visit	£563	£489	
Spend per night	£36	£59	
Nights per visit	15.7	8.4	

It is clear that the tendency for a longer than average stay in Britain does not feed through to above average spend per visit, as this group spends 40% less per night than other age groups. Having established that the typical 16-24 year old visitor spends over two weeks in Britain it would be foolish to assume this applies to all visitors from this age-band regardless of their journey purpose. The following chart reveals that trip duration varies by journey purpose, with the bulk of holiday visitors aged 16-24staying between one and seven nights.

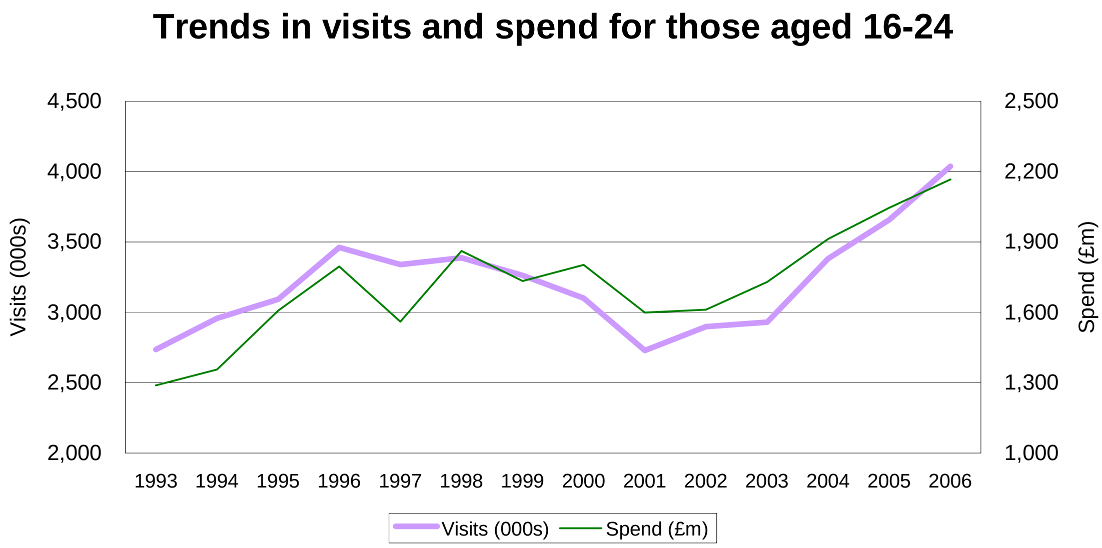
Purpose and duration of trip for those aged 16-24



Meanwhile, the young business visitor is not dissimilar to his or her elder counterpart, typically staying just 1-3 nights in Britain. What really pushes up the 'average' length of stay for this segment is the high number of 15+ night trips found in the 'visiting friends and relatives, 'miscellaneous' and especially 'study' purpose categories.

Trends and markets

It is only in the past couple of years that the number of inbound visits to Britain by those aged 16-24 has returned to the levels witnessed back in the mid 1990s, and although 2006 was a record year in nominal terms for spending by this age group, once we take inflation into account we discover that the 2006 figure is some £160m short of the 'real terms' record set back in 1996.



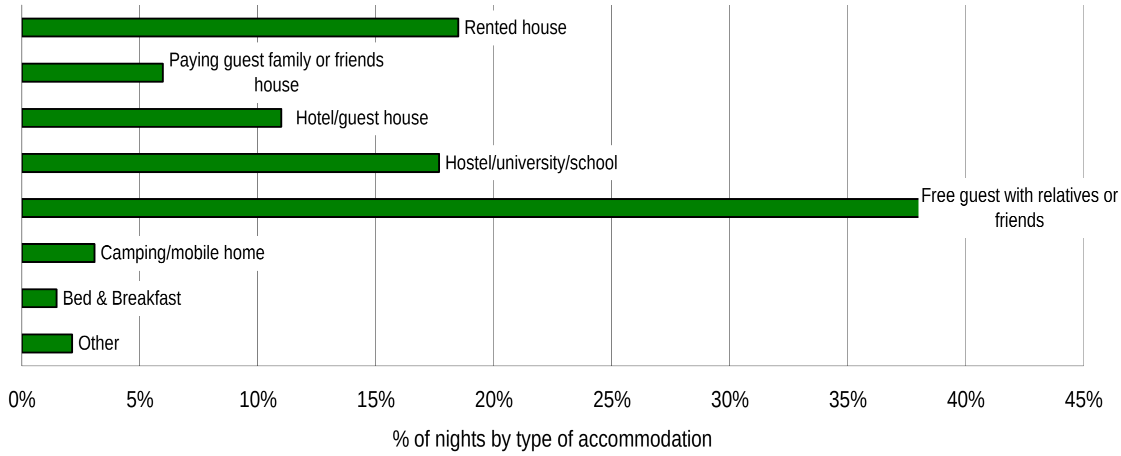
So with over four million visitors spending £2bn which are the most important markets when focussing on visitors aged 16-24? The table shows that the top ten markets for visits, nights and spending are broadly similar, but with a few striking differences. Most noteworthy is Poland - top for visitor nights, but in 4th spot for visits and 3rd for spending, whereas the USA comes top for visitor spending and only 3rd in terms of nights.

Market	Visits (000s)	Market	Nights (000s)	Market	Spend (£m)
France	546	Poland	9,721	USA	367
USA	468	France	7,323	France	227
Germany	422	USA	6,514	Poland	192
Poland	363	Germany	5,121	Germany	158
Irish Republic	323	Spain	3,569	Spain	134
Spain	218	Italy	2,041	Irish Republic	115
Italy	194	Australia	1,947	Italy	93
Netherlands	165	Czech Republic	1,875	Australia	73
Australia	116	South Africa	1,735	Russia	55
Sweden	97	Irish Republic	1,581	Switzerland	52

Where and when?

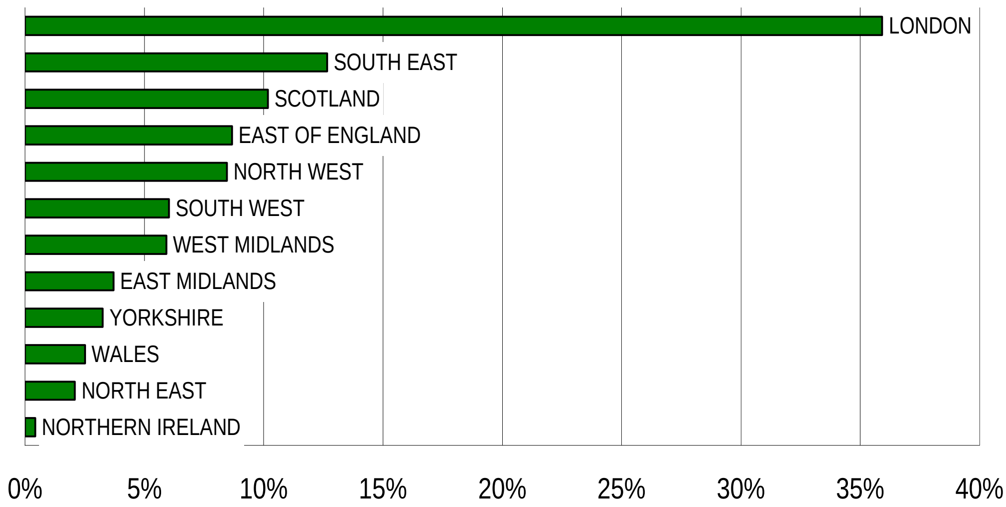
Based on 2005 data we can see in the next chart that nearly 40% of nights spent in Britain by visitors aged 16-24 were as a free guest of a friend or relative, with a further 30% in either a rented house or hostel/university/school. Only one-in-ten nights were in a hotel or guest house.

Accommodation used by those aged 16-24



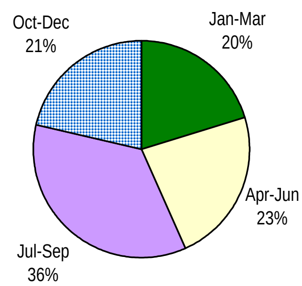
What about the regions in which these nights are spent? The next chart highlights that just over one-third of nights during 2005 were spent in London, with the South East and Scotland being the next most important regions. The East of England attracts a relatively larger share of the 16-24 year old 'visitor nights' pie than it does for other age groups.

Visitor nights by region for those aged 16-24



Moving from 'where' to 'when' the pie chart indicates that in 2006 36% of visits by this age group took place between July and September, with only 20% of visits taking place during the first three months of the year. This means that younger visitors are slightly more likely to be in Britain during the peak summer months than are those from other age groups.

Seasonal spread for those aged 16-24

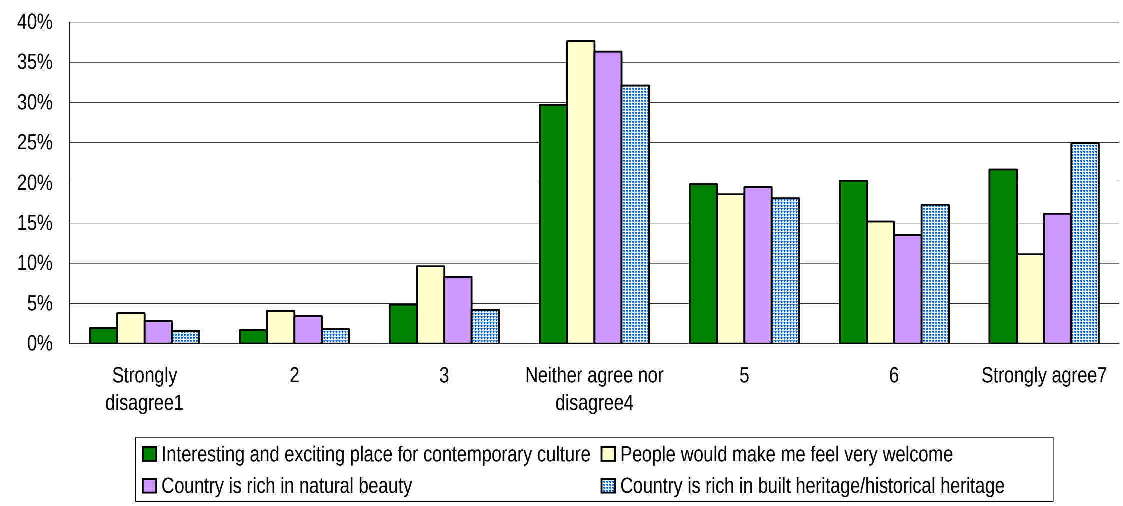


Perceptions

The International Passenger Survey is certainly a cornucopia of information about trip characteristics of those visitors to Britain aged 16-24, but it doesn't tell us anything about their perceptions of Britain, or indeed the perceptions of potential visitors from this age group. By looking at results from the Anholt-GMI Nations Brand Index we can, however, get a clear picture about how people aged 18-24 'perceive' Britain as a nation, and as a tourist destination.

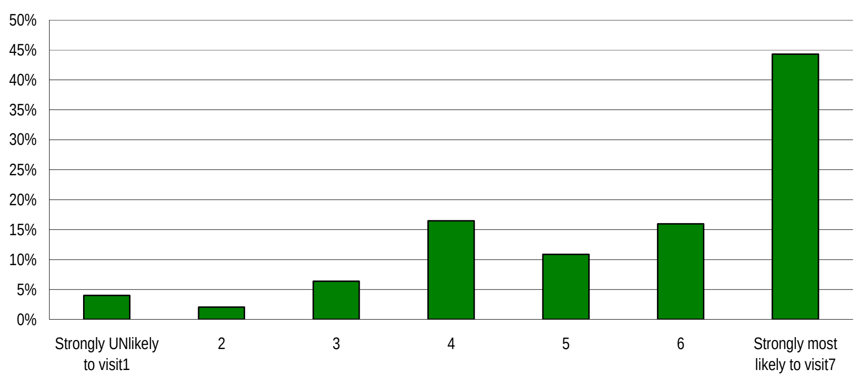
The following chart, based on Wave 1 2007, reveals the responses to a number of core 'tourism related' statements. All data is based on those aged 18-24 and excludes respondents living in the UK. It can be seen that a majority (62%) agreed with the statement that Britain is an "interesting and exciting place for contemporary culture" and 60% agreed that Britain is "rich in built heritage/historical heritage". Although still outweighed by the number who agreed, the statement "people would make me feel very welcome" engendered disagreement from 17% of respondents, reinforcing the message that improving perception of welcome is vital.

Perceptions of Britain



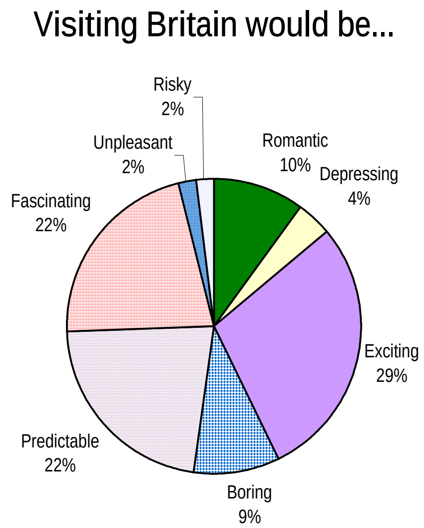
When asked how likely they would be to visit Britain, if money were no object, we find that respondents were highly likely to say Britain is somewhere that they would visit, with 44% giving a rating of '7' on a scale from 1-7.

Likely to visit Britain if money were no object?



Finally lets look at the adjectives that respondents aged 18 to 24 picked to describe what a visit to Britain would be like (it is vital to remember that only a minority of respondents have been to Britain so we are primarily dealing with perception rather than with experience).

As we can see from the chart a mix of positive and negative adjectives could be selected, and considerably more (61%) opted for positive adjectives than negative adjectives (39%). ‘Exciting’ was the word selected by more respondents than any other word (29%), with more than a fifth stating that a visit to Britain would be ‘Fascinating’. The negative adjective generating the biggest response was ‘Predictable’, with 22% saying this is how they would describe a visit to Britain. One example of how VisitBritain is tackling this perception, which can be found to exist among older age groups too, is through the current ‘Be a Brit Different’ campaign running in the USA, highlighting the diversity of destinations and experiences that can be enjoyed on a visit across the North Atlantic.



Although we have discovered inbound visitors aged 16-24 may not spend all that much per night, they do, on average, spend more per visit than other age groups. It is essential to recognise that even the long-stay study visitors represent a potential market to be tapped by tourism businesses during their stay. Indeed, if visitors studying English as a Foreign Language for a month one summer go home with fabulous memories of what is on offer in Britain, and the friendliness of British people, they are certain to return for future visits later in life with much greater spending power, and in the meantime can act as ambassadors, helping to dismantle the perception that Britain is not as welcoming as it could be.

VisitBritain activity

VisitBritain is working closely with The British Educational Travel Association (BETA) to widen and strengthen our youth industry network, including hosting a joint Youth Industry B2B Workshop earlier this year to be followed by a workshop devoted to highlighting the potential gains for this sector of the industry emerging from the London 2012 Olympic and Paralympic Games. A refreshed section of our industry website, www.visitbritain.com/ukindustry will provide the latest tailored information for the youth industry, ensuring that this highly valuable sector is kept up-to-date with the latest developments.

Issue of the Month – Climate change and what it might mean for UK tourism

Back in September 2004 Foresight considered the potential implications of climate change for the UK visitor economy, and although climate change is something that will happen over the course of several decades rather than a time-span of just three years, it seems highly pertinent to have a fresh look at this hugely important issue. The probable impact of climate change on British weather was discussed in the September 2004 edition and is not reiterated here at any length, instead the focus is more on how government, businesses and consumers look set to respond to the challenge of climate change.

In the space of the past three years there has been a succession of major reports into climate change, an increasing media focus on the topic, driven along not just by these studies, but also by frequent atypical weather events. As we discovered in August it is not only climate change or weather events that has the potential to impact on tourism, but so too can human reactions to the threat of climate change – witness the 'climate change camp' at London Heathrow airport.

A Stern reminder

The former Prime Minister, Tony Blair, said the report on climate change produced by Stern was the most important report to land on his desk during his premiership, and it is definitely worth reminding ourselves of its main conclusions. The most optimistic of these conclusions was that there is still time to avoid the worst impacts of climate change, but only if we take strong action now. The report points out that the benefits of strong and early action far outweigh the economic costs of not acting, and goes on to make the highly pertinent point that climate change is a serious 'global threat', and as such demands an 'urgent global response'.

In addressing the issue of how the international community can tackle climate change the Stern Review highlights three elements that should underpin an effective response:

- The pricing of carbon implemented through tax, trading or regulation
- Policy to support innovation and the deployment of low-carbon technologies
- Removing barriers to energy efficiency, and to inform, educate and persuade individuals about what they can do to respond to climate change

The Stern Review will not bring about any of this on its own, change will depend on how the UK Government responds, along with how the international community decides to act in response to this and other scientific and economic studies. Looking first at UK Government plans and what these might mean for UK tourism businesses our strongest hint has come in the form of the Draft Climate Change Bill, which is the first of its kind in any country, and has a target date for Royal Assent of Spring 2008.

The Bill is likely to influence the way tourism businesses operate, the nature of our landscape and consumer behaviour. The reason for such an assertion is that aims of the Bill include:

- Making challenging carbon dioxide reduction targets for 2020 (a 26-32% reduction) and 2050 (60% reduction) against a 1990 baseline legally binding
- Introducing 'carbon budgeting' over five year periods in order to cap emissions, with the first of these periods set to be 2008-12

- Creating a new independent body to advise on the setting of carbon budgets, including the reduction effort needed by different sectors of the economy, regardless of whether the sector is covered by a carbon trading scheme

Delivering on these aims will result in the increased adoption of renewable energies, for example wind farms (see the July 2006 edition of Foresight), the need for businesses to find ways of reducing their carbon emissions (and those of their visitors or guests) and further debate on how emissions from the aviation sector might be managed.

For its part the European Union is working on how targets can be applied across its twenty-seven member states, and plans to bring the aviation sector into an emissions trading scheme for internal EU flights within the next few years, with flights to or from the EU being included in 2012. However, there is likely to be lively debate between individual members in order to protect the interests of their own aviation sectors, and the plans are already being threatened with a legal challenge by US airlines who would be required to participate in the scheme were it to be extended to flights to/from the bloc.

Aviation and climate change

The link between aviation and climate change has become highly emotive in recent months, despite the fact that aviation is responsible for just 5-6% of CO_2 emissions in the UK (according to Forum for the Future). If the entire UK aviation sector were to cease operating global emissions would fall by just 0.2%, an amount that would be replaced in the blink of an eye by the breakneck expansion of the Chinese and Indian economies. A further helpful insight into the debate about aviation's relative contribution to climate change can be drawn from the Stern Review which notes that 'the loss of natural forests around the world contributes more to global emissions each year than the transport sector'.

We should be in no doubt then, that although there is a well documented link between aviation and climate change, the response has to be both global and multi-dimensional in nature: dealing solely with aviation emissions will not prevent climate change. One factor explaining why so much of the focus has been on aviation is that there are no formal targets for reducing CO_2 emissions from UK aviation, emissions that doubled between 1990 and 2000, and are forecast to double again by 2030.

Airlines and aeroplane manufacturers have made huge progress in reducing the 'per passenger' emissions from aircraft in the past decade, and with a new generation of aircraft about to become commonplace, including the Boeing 787 'Dreamliner' and Airbus A380 super-jumbo, this trend looks set to continue.

There are plenty of other ways in which emissions from aviation can be further driven down, for example, Virgin Atlantic is trialling a scheme whereby aircraft engines are only started once take-off is imminent. Improved capacity on the ground, such as that which will be delivered by the opening of Heathrow Terminal 5 next March, will also lessen the need for aircraft to sit on a taxi-way waiting for a gate to become vacant, or worse still in terms of emissions, circle for half an hour before landing because of congestion on the ground or in the air.

However, it is perhaps air traffic control that offers one of the greatest opportunities to slow the rate at which aviation emissions are increasing. To achieve this there will need to be a step-change in the delivery of European air traffic control. At present there are over a dozen separate authorities controlling European air space, but were a single authority to be in charge flight paths could be straightened, journey times reduced and needless emissions avoided.

An extensive study conducted by Oxford Economic Forecasting in 2006 looked at the economic contribution of aviation in the UK, and among the findings was that the net economic benefits of the 2003 UK Aviation White Paper proposals remain substantial even after an allowance is made for the climate change costs of additional emissions. Indeed, thinking just about tourism in 2006 three-in-four of our 32.7 million inbound visitors used a plane to visit the UK, and those travelling by air accounted for 87% of all inbound visitor spending – that is almost £14bn.

What does the public really think?

The way in which questions are posed in public opinion surveys can often be as influential in determining the nature of the results as can genuinely held beliefs. One truly unbiased source of information regarding how the public feels about aviation in the UK and its possible impact on climate change comes from the Office for National Statistics 'Omnibus Survey', which included a module of questions sponsored by the Department for Transport in May 2006.

A sample of 1,300 British adults were quizzed, and of these 70% said that they agreed with the statement that 'air travel has harmful impacts on the environment'. Those who flew most frequently were more likely to consider aviation harmful to the environment than those who had either not flown, or flown only once in the past year.

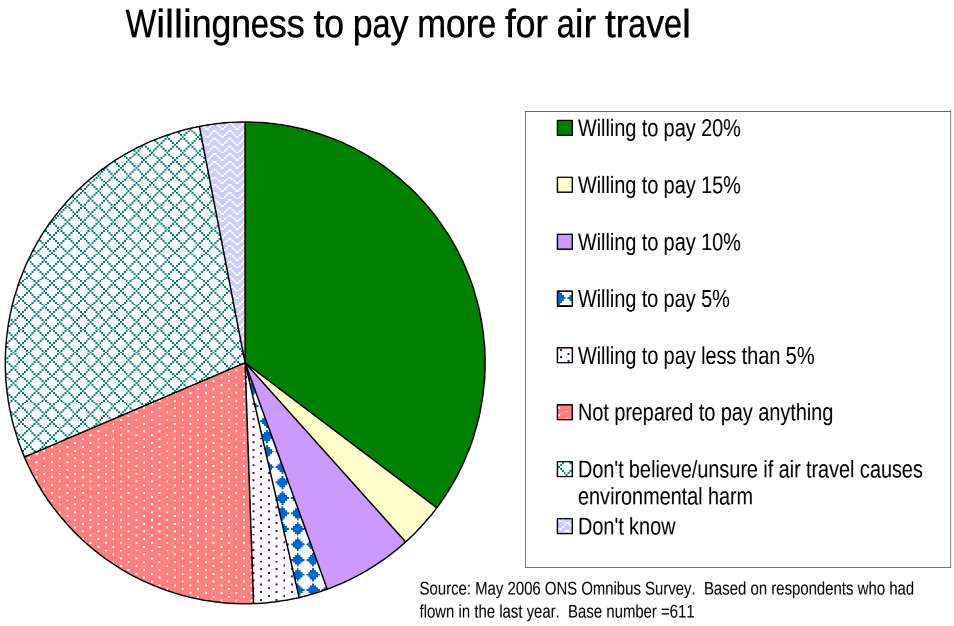
Interestingly respondents who agreed with the statement that 'air travel has harmful impacts on the environment' were then asked what types of impacts they thought resulted from air travel (but were not shown a list, so all responses were unprompted). Climate change/global warming/ozone damage was mentioned by 35% of this group. The most common impact cited was pollution/poor air quality, mentioned by 84% of this group.

Asked whether 'people should be allowed to travel by plane as much as they want to, as long as damage to the environment is limited', 78% of all 1,300 respondents agreed, very similar to the proportion (79%) who agreed with the simple statement 'people should be able to travel by plane as much as they want to'. Responses to the statement 'people should be able to travel by plane as much as they want to, even if this harms the environment' elicited a rather different picture, with only 17% agreeing. These findings highlight that we need to take great care in drawing any meaningful inference from a single attitudinal question, as its wording can have a dramatic impact on the outcome.

Respondents who believed air travel damages the environment (70% of all respondents) were then asked a series of questions focussing on their willingness to pay extra for air travel to reflect environmental harm. Initially respondents were asked general questions about paying more, and 63% said they felt that 'the price of a plane ticket should reflect the environmental damage that flying causes, even if this makes air travel a bit more expensive'. Unsurprisingly a smaller proportion, 47%, agreed that environmental damage should be reflected in the cost of a ticket even if this were to make air travel 'much more expensive', however only 33% actively disagreed with this statement.

Respondents who had flown in the past year, regardless of whether they felt air travel was damaging to the environment, were asked whether they personally would be willing to pay

‘20%’, ‘10%’, ‘5% or less’, or ‘nothing extra at all’ on the cost of an air ticket to reflect environmental harm. The responses are summarised in the following pie chart.



Source: May 2006 ONS Omnibus Survey. Based on respondents who had flown in the last year. Base number =611

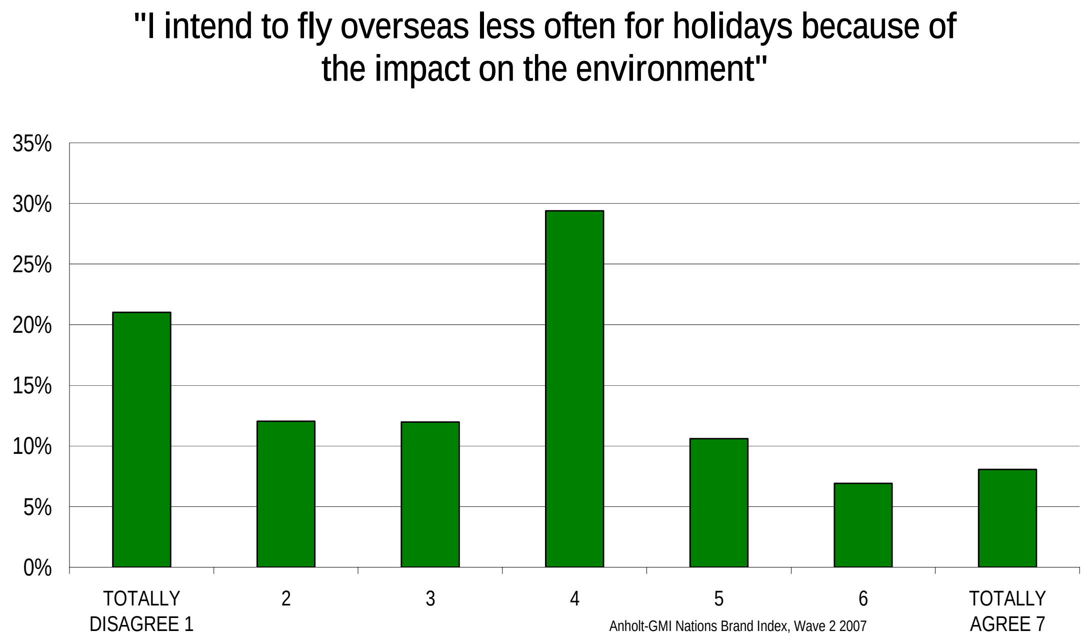
So, almost one-in-two air travellers indicated that they would be willing to pay more for their ticket, with just over one-third willing to pay 20% more. A fifth said they were not prepared to pay anything more for their ticket, despite agreeing that air travel harmed the environment, while 28% did not believe air travel harmed the environment.

This indicates that a modest increase in the price of air travel would be unlikely to dissuade Britons from getting onboard an aircraft to take a foreign holiday, whereas any environmental levy on air travel that applied only to flights to/from the UK, but not other destinations, would make Britain a less competitive option for budding inbound visitors vis-à-vis destinations such as France, Italy or Spain, with the likely consequence of further worsening our £18.4bn international tourism balance of payments deficit.

It remains to be seen whether UK consumers, and those living in other countries, continue to take as many flights as today while accepting higher prices in order to pay for environmental damage, or whether the propensity to fly will decline in response to changing patterns of consumer behaviour.

Global attitudes

VisitBritain subscribes to the Anholt-GMI Nations Brand Index, and in May 2007 sponsored a number of questions that investigated attitudes on a wide range of topics. One of the questions included was *“I intend to fly overseas less often for holidays because of the impact on the environment”.* The survey is conducted in around three-dozen countries worldwide, with an overall sample size in excess of 26,000. We can see from the following chart that, on balance, a greater proportion disagreed with the statement (45%) than agreed with it (26%), although nearly one-third (29%) neither agreed nor disagreed.



Freak weather – or just a sign of what to expect?

As the September 2004 edition of Foresight highlighted 'extremes' look set to become more common as climate change starts to impact on Britain, and the evidence would seem to be mounting up, with the past year alone witnessing tornados in London, the warmest year on record, the worst gales for more than a decade and most recently the devastating floods in South Yorkshire and the South West Midlands.

The recent flooding has certainly reminded us that the impact of severe weather events can disrupt many tourism businesses, for example those situated in close proximity to watercourses (riverside hotels, pleasure boat operators etc), or reliant on reasonably dry land (for example campsites). These exceptional events lead to extensive media coverage, which can itself further depress the willingness of people to visit an area by creating a perception that disruption covers wide areas, whereas in reality it tends to be highly localised, with facilities outside of the area directly affected operating normally.

Yet another indicator that climate change is going to impact on tourism at the global level comes from the fact that while the UK has been concentrating on the impact of unseasonably wet summer weather large swathes of southern Europe from the Canary Islands, through Italy, Croatia and Greece have been experiencing temperatures in the high thirties, leading to extensive forest fires. These are the sort of temperatures and impacts that have led many, including the UK Climate Impacts Programme, to note that overall climate change is likely to lead to a 'polewards shift' in tourism activity as visitors shun locations closer to the tropics.

There are indeed a number of potential positives for UK tourism that climate change could deliver including more reliable summer weather, but the downsides may not be limited to increased propensity for bouts of 'freak weather'. More subtle impacts could include loss of biodiversity, deterioration of coastal water quality with algae blooms and jellyfish a growing problem, and wildfires during periods of drought destroying moorland and heathland habitats.

Coastal retreat is a further dimension to climate change considered likely as polar icecaps and glaciers melt, and this looks set to become a real issue in parts of Britain with mean sea levels set to rise by around 3mm per annum, continuing a trend that already exists. In some areas natural long-term movements in the land will exacerbate the problem, for example in South East England.

... and the long-range forecast is...

Climate change will continue until at least the 2030s, as there is a time lag between emissions entering the atmosphere and climatic response. We can thus be fairly confident that the trend for Britain to become warmer, and in summertime drier, is likely to persist for at least the next few decades. This means that we can look forward to a continuation of another trend too, that of increased frequency of exceptional weather conditions, be these gales, storm surges, record temperatures or flooding.

What happens beyond the 2030s will depend on how governments, businesses and consumers respond to climate change in the coming years, but as the weather forecaster John Ketley has noted in relation to the impact of climate change on Britain – "it won't be all beer and skittles", and this analogy applies equally well to tourism as it does to other aspects of everyday life in Britain.

Download earlier editions of FORESIGHT: 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?	
Issue 42	April 2007	The value of tourism in the UK	Holiday activity perceptions (Part 1)
Issue 43	May 2007	India and Japan	Holiday activity perceptions (Part 2)
Issue 44	June 2007	Inbound holiday visitors	The role of nature and wildlife in UK tourism
Issue 45	July 2007	The changing face of overnight domestic tourism	
Issue 46	August 2007	Inbound visitors using the Channel Tunnel	The impact of the Channel Tunnel Rail Link

[1] Data from International Passenger Survey has been made available by the Office for National Statistics and has been used by permission. The ONS do not bear any responsibility for the analysis or interpretation of the data reported here. Crown Copyright 2007. Source: ONS