FORESIGHT
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FORESIGHT is a monthly commentary on significant issues within the tourism sector. 'Market Focus' discusses economic, social and political factors that underlie demand for tourism now and in the future. In addition, a spotlight is focused on a significant tourism issue. This month 'Market Focus' looks at some of the lesser known African markets and 'Issue of the Month' showcases a recent UNWTO report that studied how countries around the world are endeavouring to support tourism businesses during the current economic downturn.

Market Focus – Africa

ver the past eighteen months *Foresight* has investigated a number of lesser known inbound markets to Britain from Asia, the Middle East and Latin America; this month it is the turn of Africa, a continent that in 2008 generated 2% of all visits to Britain but 5% of inbound visitor spending.

From the table we can see that South Africa is by far the most important African market for Britain in terms of the volume of visitors, and VisitBritain's *Market and Trade Profile* series provides in-depth analysis of South Africa; here we focus on the other ten markets shown in the table. It is noteworthy that Nigeria actually tops the visitor spend chart, though we need to treat International Passenger Survey[1] expenditure figures with more caution than we do volume figures.

Visits (000s)		Spend (£m)	
South Africa	279	Nigeria	245
Nigeria	150	South Africa	228
Egypt	41	Kenya	49
Kenya	39	Egypt	47
Zimbabwe	21	Ghana	24
Ghana	19	Malawi	19
Libya	12	Libya	19
Morocco	12	Sudan	17
Malawi	10	Tanzania	17
Sudan	9	Zimbabwe	11
Tanzania	7	Morocco	10

Market Profile' series covers this market
This edition of Froesight covers this market

As is always the case with minor markets, estimates are based on small sample sizes, so must be seen as a guide only, with sample sizes ranging from 338 for Nigeria through to just eleven for Malawi.

The outbound picture

Based on estimates and projections made by Tourism Economics, shown in the table, it is clear that all markets under consideration this month, with the exception of Sudan, are expected to grow over the coming decade or so. However, growth rates are rather modest, with Nigeria and Tanzania seeing the swiftest expansion at 5% per annum. Trips are predominantly 'intra-regional', with Europe capturing a market share of less than 5% in most cases, with the exception of Morocco (25%) and Nigeria (23%).

	Outbound visits		
	2008 (000s)	2020 (000s)	Average annual growth 2008 to 2020 (%)
Ghana	128	166	2%
Kenya	581	719	2%
Malawi	293	465	4%
Nigeria	685	1,198	5%
Sudan	859	798	-1%
Tanzania	464	797	5%
Zimbabwe	1,310	1,548	2%
Egypt	4,354	6,178	3%
Libya	2,210	3,217	3%
Morocco	473	640	3%

Source: Tourism Economics

Drivers of growth

The size of the population and how wealthy it is are key determinants of outbound travel volumes from any particular nation, and we can observe from the table, again based on Tourism Economics estimates, that Libya enjoys the highest per capita income, though these figures are still far lower than is the case in most 'western' markets, but that it is home to only 6 million citizens.

	GDP, nominal, per capita (US$)	Population, total (000s)
Libya	13,946	6,407
Morocco	2,822	31,993
Egypt	2,289	78,188
Sudan	1,577	40,340
Nigeria	1,202	154,884
Kenya	1,044	39,587
Ghana	680	24,417
Tanzania	517	42,493
Zimbabwe	310	13,619
Malawi	227	14,659

Source: Tourism Economics

By contrast more than 150 million people live in Nigeria, but the average per capita Gross Domestic Product is only $1,200.

Inbound to Britain – market characteristics

It is insightful to understand the nationality mix of visitors to Britain from each of the markets, which we can do courtesy of the fact that the International Passenger Survey asks respondents both their country of residence and nationality.

We can see from the table that in some instances, for example Libya and Nigeria, visitors predominantly are nationals of that country, whereas British ex-pats constitute a significant proportion of visitors from Malawi, Kenya and Morocco. Indeed, in the case of Kenya and Malawi more visitors to Britain in 2008 were Britons than were nationals of the country itself.

	Nationality	
	UK nationals	Nationals of country
Libya	0%	81%
Morocco	38%	47%
Sudan	3%	58%
Egypt	18%	60%
Ghana	12%	83%
Nigeria	4%	95%
Kenya	43%	41%
Malawi	55%	33%
Tanzania	14%	83%
Zimbabwe	33%	52%

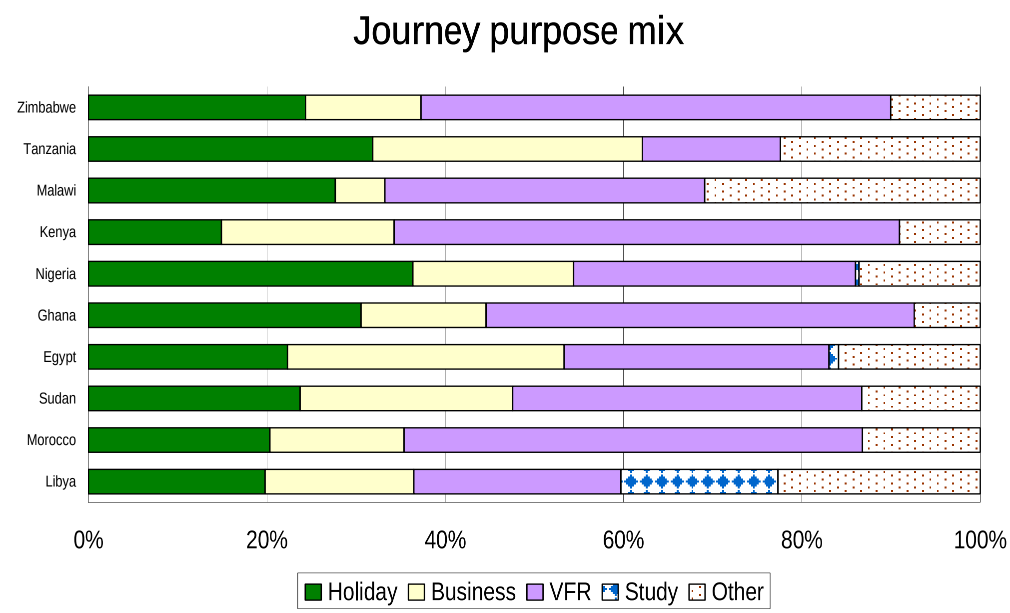
Source: IPS

Visit characteristics

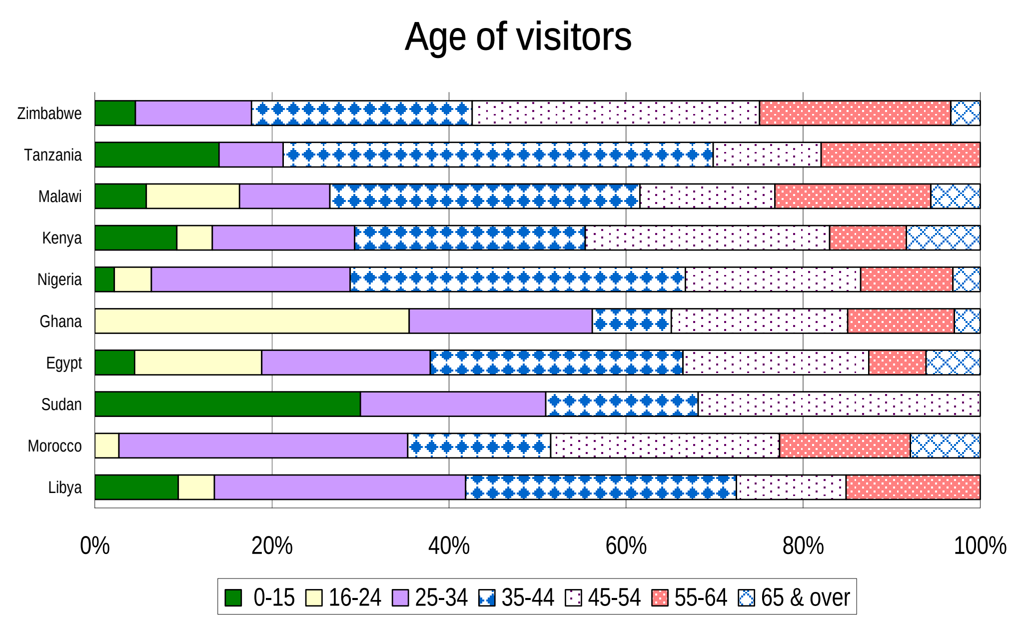
As highlighted earlier, African markets represent a larger proportion of visitor spending than visits, and the same is true of visitor nights. The average visit to Britain from Africa lasts more than 17 nights, which is twice the length of the average inbound visit.

We can see from the following chart that there are a number of differences in the purpose mix between each market; Kenya and Morocco visits are dominated by visits to friends and relatives, perhaps unsurprising given our earlier findings regarding nationality, whereas business visits are relatively more important from Egypt and Tanzania.

It is interesting to note that one-fifth of visits from Libya are study trips, and the catch-all 'other' category is of importance for a number of markets. Overnight transit visits are the main reason for 'other' visits from Libya, 'shopping' accounts for one-in-twelve visits from Egypt and an equivalent proportion of trips from Tanzania are for 'medical treatment'.



When it comes to the age distribution of visitors there is no uniform pattern, but broadly speaking visits tend to be dominated by the younger age-bands.



Summing up

Although punching above their weight when it comes to average spend per visit, the markets considered here look set to remain of relatively low importance to Britain's inbound tourism industry over the coming years, though certainly tactical opportunities exist in the field of study tourism, and in those markets where Britain has strong business or historical ties.

Issue of the Month – Global efforts to support tourism during the downturn

There are few countries that have found themselves immune from the current economic downturn, and the same is true for just about every sector within the global economy. International tourism is undoubtedly resilient, but that is not to say it can weather the current storm unharmed.

According to the United Nations World Tourism Organisation (UNWTO) international tourism declined by an annual rate of 8% in the first two months of 2009, with plenty of data from individual countries demonstrating that March was another very poor month, for example the US Department for Commerce report a 20% year-on-year drop in arrivals, and here in the UK figures for the period January to March revealed a 13% annual drop.

The chart shows that international tourism has been contracting in many parts of the world during the first few months of 2009 and although figures for some of the 'big hitters' such as France and Spain are still awaited it is likely the pattern will be similar.

Current global tourism destination trends

Airlines bare the brunt

International Air Transport Association (IATA) data has generally told a tale of woe so far during 2009, but one glimmer of hope came with preliminary figures for April that revealed an annual decline in global air travel (figures exclude many low-cost airlines) of 3.1% compared to an 11% annual decline in March – however, Easter having been in March 2008 and April this year means that March 2009 appeared worse than it actually was, and April rather better than the underlying trend would suggest.

Indeed, preliminary May figures from IATA again indicate that European airlines have witnessed a double-digit percentage decline in passenger numbers. Asia-Pacific carriers have seen some of the steepest declines, with traffic down 8.6% in April, while European carriers had to deal with a decline of 3%. The story is not uniformly bleak, with carriers in both the Middle East and Latin America enjoying increased passenger volumes.

Not only are airlines seeing passenger numbers decline, but more worryingly still for their bottom line, demand for premium class travel is shrinking faster than demand for economy class, and this is one factor behind IATA's recent forecast that airline revenues will fall by 15% during 2009. Back in March IATA forecast airline losses of more than $4bn in 2009, but just three months later this forecast has been doubled to more than $9bn.

Ryanair recently reported its first ever annual loss, amounting to £146m, and British Airways made an annual loss of more than £400m, with record fuel prices in summer 2008 followed by the global financial and economic crisis proving to be a 'perfect storm' impacting costs and revenues. Although the price of oil had fallen back sharply there are now signs that, with glimmers of an economic recovery on the horizon, demand for oil will pick up, which has led to the price heading towards $70 per barrel.

The rate of decline in passenger volumes may be slowing, but British Airways CEO Willie Walsh recently said that he saw 'no signs of recovery anywhere'. Many airlines look set to have a difficult few months; restructuring within the global aviation industry seems inevitable.

Action to support tourism

The United Nations World Tourism Organisation recently undertook a study to see just what governments around the world were doing to support the tourism sector. Certainly we have heard a fair amount about 'bank bail outs' and rescue plans for motor vehicle manufacturers, but strategies to bolster the tourism sector have seen somewhat less attention.

The UNWTO have identified dozens of examples showing how tourism is being supported, broadly divided into an eightfold classification of measures; fiscal, monetary, human resource, marketing, travel facilitation, public/private partnerships, environmental and trans-national cooperation.

A full list of measures adopted can be found in the 50-page UNWTO report 'Tourism and Economic Stimulus – Initial Assessment' (www.unwto.org) but here we simply give a flavour of the action being taken around the globe.

In the Netherlands the government has revoked its airport departure tax of €11.25 for shot-haul and €45 for long-haul flights that was introduced in July 2008.

The French government plans to reduce the VAT rate for restaurants from 19.6% to 5.5% from July.

Portugal is targeting domestic tourists through both an advertising campaign and a dedicated website on which private sector partners can offer special packages.

Hong Kong has designated HK$150m (£12m) for promotion and marketing initiatives to attract more international conferences and exhibitions over the coming five years.

A marketing partnership among Italy, France and Spain has been initiated in order to develop corporate tourism products and services and establish a mutual marketing strategy focussed on markets of common interest.

Canada is increasing its funding of the Canadian Tourism Commission by earmarking an additional CA$20m (£11m) in each of the next two years for investment in priority international markets and to encourage Canadians to holiday domestically.

The New Zealand government is investing NZ$2.5m (£1m) in Tourism New Zealand to boost promotion in Australia.

The Jordanian authorities are streamlining entry procedures for visitors from a number of countries including India and China, while the hotel tax is being reduced from 14% to 8%.

In Thailand visa fees were waived for a three month period from March to June and landing and parking fees for all airlines have been reduced by up to 50% until September.

The Cypriot authorities are investing in both the construction and tourism sectors, with €51m (£44m) earmarked for tourism, including reductions in landing fees for airlines and more aggressive domestic marketing.

Among efforts being made here in Britain to help support tourism businesses VisitEngland has launched a campaign showcasing everything that is best about England, and reminding Brits of the great value for money offers currently available courtesy of tourism businesses through dedicated web pages at www.enjoyengland.com/value.

In Scotland the focus is very much on the Homecoming campaign celebrating Scotland's contribution to the world, but VisitScotland is also working closely with other agencies and the tourism industry on an economic recovery plan. A new national tourism partnership between the public and private sectors in Wales is being developed through a revamped tourism advisory panel that will facilitate better communication and mining of information across the tourism sector. Visit Wales has undertaken extensive television advertising within the UK since the start of the year.

Air Passenger Duty increases for visitors to Britain

It is not all good news however with the following table highlighting the current rates of Air Passenger Duty paid by all departing air passengers from the UK, along with the planned levels set for November 2009 and November 2010. Figures are shown for each of the markets in which VisitBritain currently has a presence.

From this November there will be four distance bands as well as the two 'class of travel' bands, meaning that long-haul visitors will see the steepest increases. By Christmas 2010 a trip from Australia would incur £85 Air Passenger Duty if travelling in economy, or £170 in premium class cabins.

	Air Passenger Duty									
	Current reduced rate	Current standard rate	New reduced rate from 1/11/09	New standard rate from 1/11/09	New reduced rate from 1/11/10	New standard rate from 1/11/10	2009 increase reduced	2009 increase standard	2010 increase reduced	2010 increase standard
Argentina	£40	£80	£55	£110	£85	£170	38%	38%	55%	55%
Australia	£40	£80	£55	£110	£85	£170	38%	38%	55%	55%
Austria	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Belgium	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Brazil	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Canada	£40	£80	£45	£90	£60	£120	13%	13%	33%	33%
China	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Czech Republic	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Denmark	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Finland	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
France	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Germany	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Greece	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Hong Kong	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Hungary	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
India	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Ireland	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Italy	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Japan	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Malaysia	£40	£80	£55	£110	£85	£170	38%	38%	55%	55%
Mexico	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Netherlands	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
New Zealand	£40	£80	£55	£110	£85	£170	38%	38%	55%	55%
Norway	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Poland	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Portugal	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Russia (a)	£40	£80	£11	£22	£12	£24	-73%	-73%	9%	9%
Russia (b)	£40	£80	£45	£90	£60	£120	13%	13%	33%	33%
Singapore	£40	£80	£55	£110	£85	£170	38%	38%	55%	55%
South Africa	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
South Korea	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
Spain	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Sweden	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Switzerland	£10	£20	£11	£22	£12	£24	10%	10%	9%	9%
Thailand	£40	£80	£50	£100	£75	£150	25%	25%	50%	50%
UAE	£40	£80	£45	£90	£60	£120	13%	13%	33%	33%
USA	£40	£80	£45	£90	£60	£120	13%	13%	33%	33%

a = west of Urals

b - east of Urals

Reduced rate applies in the lowest class of travel, unless seat pitch more than 40 inches, in which case the standard rate applies.

Standard rate applies in all classes except the lowest class.

Forecasts

VisitBritain has just updated its forecast for inbound tourism in 2009, which expects total inbound visits this year to decline to 31.4 million (a further fall of 300,000 since the previous forecast released in December 2008). However, as downside risks continue to heavily outweigh the upside, there is a significant potential that inbound visits will decline by as much as 5%, which would deliver visitor numbers of just 30.3 million. On a more positive note, the weakness of Sterling is helping to drive up visitor spending, meaning that VisitBritain continues to forecast that inbound visitor spending will increase by around 2.5% (in nominal terms) to £16.8bn.

Find *Foresight* and lots more market intelligence at www.visitbritain.com/research

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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
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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
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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
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Issue 54	April 2008	Inbound visitors staying 15+ nights	Domestic consumers and the 'credit crunch'
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[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 2009. Source: ONS