VisitBritain

VisitBritain Consultation Document 2012

Delivering a Golden Legacy

A growth strategy for inbound tourism to Britain from 2012 to 2020

GREAT
BRITAIN
You're invited

"We've been pushing the message that **Britain is a great place to visit**, a great place to come and do business. I believe it is working, and there's no reason to stop so we're going to keep it going after the Games have finished."

Rt Hon David Cameron MP
Prime Minister, July 2012

Delivering a Golden Legacy

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Executive Summary

Executive Summary

This is a strategy for Britain – a call for the travel industry, Government departments and agencies to unite behind a clear long-term ambition for growth.

Delivering London 2012 Games' economic legacy through tourism

The London 2012 Olympic and Paralympic Games have been an unparalleled opportunity to showcase Britain around the world. Billions of TV viewers have seen positive coverage of Britain and all the experiences it has to offer – a country that can not only deliver a great Games, but can also welcome the world with open arms and host a great party. Initial reports indicate this international coverage has positively shifted perceptions of Britain, particularly our creativity, heritage and culture, arts and music and welcome.

Now is the moment to capitalise on that positioning. To turn the global feel-good factor into visits in the coming months and years, and into revenue for businesses across the country and for the British Exchequer.

Tourism is the industry that can deliver the economic legacy of the 2012 Games. It is an industry that can deliver jobs quickly – right across Britain and at all skills levels – and much needed economic growth. Every £40,000 spent by overseas visitors to Britain can create a new job. International tourism is already our third-largest earner of foreign exchange and contributed £3.1 billion to the nation's coffers directly in taxation in 2011.

We start from a position of strength. The UK already welcomes 31 million visitors from across the world, who spent £18 billion a year here last year. Tourism is a major part of the UK economy. It contributes £115 billion to UK GDP, and provides employment for 2.6 million people – around 9% on both measures. One in twelve jobs in the UK is currently either directly or indirectly supported by tourism.

And international tourism is a growth industry – UK net GDP growth since May 2010 has been -0.3%. By contrast international tourism has grown by 3% in volume and 8% in spend terms (nominal).

We have seen the launch of the first ever cross-governmental campaign to market the UK overseas. The GREAT campaign has brought together the Foreign and Commonwealth Office (FCO), the British Council, VisitBritain and UK Trade and Investment (UKTI) and is showing Britain to be a great place to visit, work, invest and study.

We are building on a Government Tourism Policy which in March 2011 set out to attract 4 million additional visitors by 2015, increase domestic tourism, and make Britain's tourism industry more competitive.

The challenges facing inbound tourism

Ensuring that international tourism delivers the maximum possible economic benefits means developing a strategy for Britain that addresses a number of global trends. That strategy needs to align marketing activity and the policy framework to address competitive shortcomings and ensure Britain achieves its full economic potential.

There are difficulties to overcome. The global marketplace is getting tougher. Other countries have recognised the potential of tourism for delivering growth and jobs in a tough economic climate. Competitors are moving fast, addressing policy issues as well as investing in marketing campaigns. The US Government has recently published a national travel and tourism strategy which explicitly aims to tackle issues of image, the visa process and border controls.

Growing tourism to Britain means addressing both mature and emerging markets. In the short term, the majority of visits and spend will come from established markets, particularly Western Europe and North America. Indeed, four markets, France, Germany, Spain and the USA generate around a third of all visits and spend to Britain. Britain has, however, seen a decline in visits from all four markets since 2006.

Defending market position, and if possible reversing this relative decline, is essential. But to ensure the future health of our tourism industry Britain will need to establish and maintain market position in emerging markets including Brazil, India and China.

The global pattern of wealth and population is shifting. Increasingly, wealth and large populations will be concentrated in cities. Potential visitors to Britain are more likely to live in a small number of global cities which may offer a more defined target for promotional activity than country-wide marketing.

"The UK already welcomes 31 million visitors a year from across the world"

Earning our share

Britain's ambition is to attract 40 million visitors and earn £31.5 billion from international tourism a year by 2020.

Achieving 40 million visits by 2020 represents a significant increase in tourism to Britain compared with current levels:

- 9 million additional visits a year in 2020
- £13 billion additional visitor spend annually (in nominal terms)
- £910 million additional tax revenues a year
- Support for 131,000 additional jobs across the UK per annum

The chart across shows the projected growth by market (based on scenario 1), with Britain's top 20 markets ranked by the projected spend in 2020.

Growth in tourism to Britain would also benefit the UK's image overseas and in turn enhance soft-power. A country's tourism offer is an important part of the image building of that country. And Britain's image influences not just whether people come for a week's holiday but whether they choose to invest in British companies or relocate their families and their businesses here.

To see even stronger growth will require the tourism and travel industries, Government and public sector to collaborate more effectively and to align their priorities.

A tourism strategy for Britain

This strategy sets out what Britain can do now to ensure that international tourism delivers the largest economic benefit possible and how marketing and policy objectives can be aligned.

Over the past 12 months, VisitBritain has conducted a major piece of work, producing assessments of Britain's competitive position in each of its core markets – identifying opportunities for and barriers to growth.

This work has identified four key elements which together are drivers of future success: build on Britain's image; increase distribution through the travel trade in some markets; broaden the product offering; and make it easier to visit Britain by improving Britain's visa offer and increasing aviation capacity to promote new air routes, particularly from emerging markets.

This report also sets out 'market plans' – a set of proposals to improve Britain's performance in our major overseas source markets.

Britain's ambition

To attract 40 million visitors and to earn £31.5 billion from international tourism a year by 2020

Top 20 markets for projected growth 2011-20 (scenario 1)

Market	2011 Total spend (all purposes) £m	2020 Potential total spend (all purposes) £m	Potential growth (£m)	Potential growth (%)
USA	£2,362	£3,536	£1,174	50%
Germany	£1,252	£1,484	£231	18%
Australia	£1,015	£1,443	£427	42%
Spain	£841	£1,295	£454	54%
France	£1,158	£1,277	£119	10%
Canada	£512	£913	£401	78%
Saudi Arabia	£260	£729	£469	181%
Norway	£523	£692	£169	32%
Italy	£792	£667	-£125	-16%
China	£240	£618	£378	157%
Netherlands	£624	£592	-£32	-5%
Poland	£340	£575	£234	69%
Russia	£306	£536	£231	75%
Switzerland	£414	£503	£89	22%
Brazil	£302	£492	£190	63%
India	£318	£438	£120	38%
UAE	£254	£383	£128	50%
Sweden	£410	£381	-£29	-7%
Belgium	£282	£370	£88	31%
Denmark	£290	£342	£52	18%

Stronger Weaker

Global trends

- Patchy global economic performance
- Growing range of destinations
- Increasing competition for and investment in tourism
- Policy changes by competitors to attract visits
- Shift of global population to cities

Opportunities for Britain

- Prominence following the London 2012 Games
- Large global aviation route network
- Strong associations with culture and heritage
- Strong tourism infrastructure
- English language
- London is a global city

Barriers to growth

- Britain's image is good but competitors do better on some key aspects
- Deterrent effect of the visas regime – both perception and reality
- Small share of voice in a crowded marketplace
- Product and packaging gaps
- Lack of future airport capacity
- Lack of awareness of anything outside London

Tourism growth strategy

- Build on Britain's image
- Increase distribution through the trade
- Improve the range of product on offer
- Make it easier to get to Britain

None of this is within the gift of any single organisation. This is a strategy for Britain – a call for the travel industry, government departments and agencies to unite behind a clear long-term ambition for growth.

Our aim is to begin a discussion on how, in partnership, organisations across the public and private sectors can align to deliver tourism's full economic growth potential over the remainder of this decade.

The private sector has a key role to play. The industry is typically described as fragmented – there are 200,000 small and medium-sized tourism businesses (Deloitte 2010) and a host of sectoral interests that have an interest in tourism. Yet the private sector already provides significant support to the marketing of Britain overseas – investing £50 million in VisitBritain's four-year marketing programme. In addition, the GREAT Britain campaign has shown the role that non-tourism businesses can play in shaping Britain's image around the world – and the impact that this has on tourism and investment decisions.

The GREAT Britain campaign has already seen VisitBritain working much more strategically with other public diplomacy partners (including the FCO, UKTI and British Council). VisitBritain is funded by the Department for Culture, Media and Sport (DCMS), which is responsible for tourism, but policy decisions that impact on tourism are made across a number of government departments.

"Our aim is to begin a discussion on how, in partnership, organisations across the public and private sectors can align to deliver tourism's full potential"

Setting the Scene

The Government Tourism Policy

Responding to this consultation

Setting the Scene

The Government Tourism Policy and responding to this consultation

The Government Tourism Policy

In August 2010 the Prime Minister gave a speech at the Serpentine Gallery in Hyde Park, London.

"For too long tourism has been looked down on as a second class service sector. That's just wrong. Tourism is a fiercely competitive market, requiring skills, talent, enterprise and a Government that backs Britain. It's fundamental to the rebuilding and rebalancing of our economy."

The Prime Minister set out an ambition for tourism. He wanted it to grow – to attract more visitors from overseas and encourage more Britons to holiday at home. He saw tourism as part of a growing, rebalanced UK economy. He identified a need for the public and private sectors to play a greater part, in cooperation, in order to take full advantage of the opportunities presented by the London 2012 Olympic and Paralympic Games.

He challenged John Penrose, the then Tourism Minister, with developing a new tourism policy which would enable the UK to make the best of its tourism opportunities, increase private sector participation in the marketing and organisation of UK tourism, and give direction to departments across Whitehall in order to support tourism growth.

The Government Tourism Policy, published in March 2011, distilled these aspirations into three objectives. First, increase inbound tourism through a major advertising campaign. Second, increase the proportion of UK residents holidaying in the UK. And finally, increase the productivity of the tourism sector, to become one of the world's top five visitor economies for competitiveness.

The £100 million 'Britain, You're Invited' partnership, aimed at attracting four million extra visitors, was launched at No.10 Downing Street on 5 January 2011. Within months it was followed by the GREAT Britain image-building campaign, which aimed to take advantage of global interest in the Diamond Jubilee and the 2012 Games to show the world that Britain is a great place to visit, in which to invest, and in which to study. Over the last 18 months the Government has, through VisitBritain, invested £35 million in promoting British tourism overseas.

The Government's third objective for the Tourism Policy is to make Britain's visitor economy one of the five most competitive in the world. International competitiveness, and the assessment of Britain's situation relative to our key competitors, is central to achieving this objective.

The Government Tourism Policy also recognises the importance of competing globally for our share of world tourism. It set out a range of policies to support this aim including changes to the way potential visitors apply for visas – making it simpler and more convenient; the setting up of a Deregulation Task Force; and restructuring local tourism bodies to increase private sector participation in destination management and marketing.

This strategy document – which is at the consultation stage – builds on this work and looks to ask 'what next?' and 'how can we get there?'

Responding to this consultation

This document is a call for engagement. It sets out an analysis of Britain's position in a globally competitive marketplace, and the progress Britain has made in recent years to improve its competitiveness.

It seeks to identify a range of issues affecting Britain's competitiveness, and the increasing complexity of promoting Britain overseas.

It sets out an ambition for British tourism – up to 40 million visits a year by 2020 delivered through positive policy and marketing throughout the decade, and sets out a strategy for achieving that ambition.

There are no formal consultation questions. VisitBritain would like to encourage an open dialogue with a range of partners. There are, however, a few key points that respondents may like to consider (see below).

In simple terms, where are the opportunities for the industry to align to increase Britain's competitiveness and deliver growth in visits and spend to maximise tourism's benefit to the UK economy?

Responses to this consultation, whether on specific aspects or on the whole document, are welcomed.

The deadline is **9 November 2012**.

Please send your responses to
britainstrategyconsultation@visitbritain.org

Britain Strategy Consultation
VisitBritain
1 Palace St
London
SW1E 5HX

Key points for consideration

- Do you agree with the four strands of the strategy outlined from page 30?
- Supply-side issues are not addressed in this strategy – what are the challenges/opportunities for the supply-side?
- Which would you consider to be an appropriate balance of markets and activity now and in 2020?
- Are there markets that should receive more or less focus?
- Are there additional policy areas that should be considered?
- Where are there opportunities for partners to work more with VisitBritain?

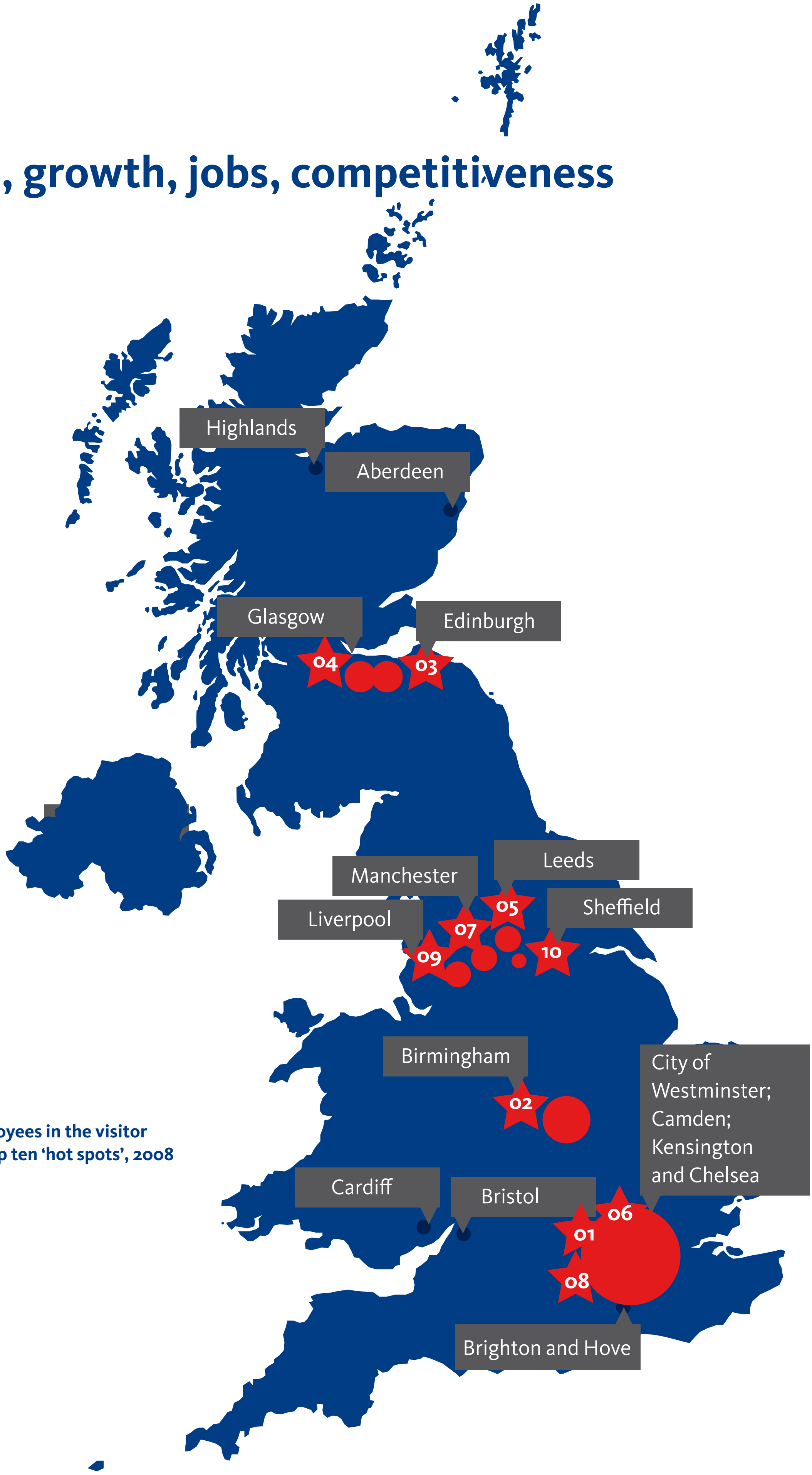
Where we are

Tourism, growth, jobs, competitiveness

Competition – Britain's position in the global marketplace

Where we are

Tourism, growth, jobs, competitiveness



Number of employees in the visitor economy, and top ten 'hot spots', 2008

Source: Annual Business Inquiry, 2008 and Deloitte analysis

Rank	Region	District	Employees
01	London	Westminster, City of	79,500
02	West Midlands	Birmingham	37,600
03	Scotland	Edinburgh, City of	30,500
04	Scotland	Glasgow City	30,000
05	Yorkshire and Humber	Leeds	29,000
06	London	Camden	24,800
07	North West	Manchester	24,700
08	London	Kensington and Chelsea	22,800
09	North West	Liverpool	19,200
10	Yorkshire and Humber	Sheffield	17,100

Source: Annual Business Inquiry, 2008 and Deloitte analysis

The London 2012 Games have been an unparalleled opportunity to showcase Britain around the world. Billions of TV viewers have seen positive coverage of Britain and all the experiences it has to offer – a country that can not only deliver a great Games, but can also welcome the world with open arms and host a great party. Initial reports indicate this international coverage has positively shifted perceptions of Britain, particularly our creativity, heritage and culture, arts and music and welcome.

Now is the moment to capitalise on that positioning. To turn the global feel-good factor into visits in the coming months and years, and into revenue for businesses across the country and for the British Exchequer.

This strategy document sets out what Britain needs to do now in the immediate afterglow of the Olympic and Paralympic Games, to ensure that both policy and promotional activity are aligned so that international tourism delivers the largest economic benefit possible.

In 2011 the UK welcomed 31 million visitors from across the world.

These tourists are attracted by Britain's heritage and culture, and by the vibrancy of our towns and cities.

Tourism is also an important component of the British economy.

Tourism contributes £115 billion to UK GDP, and provides employment for 2.6 million people (Deloitte, 2010). One-in-twelve jobs in the UK is currently either directly or indirectly supported by tourism – the equivalent of all the men, women and children living in Greater Manchester.

Overseas tourism is an important part of the sector. It is the UK's third largest earner of foreign exchange – exceeded only by chemicals and financial services.

This is a large industry, made up of small businesses. Tourism sustains around 200,000 small and medium-sized companies across the UK.

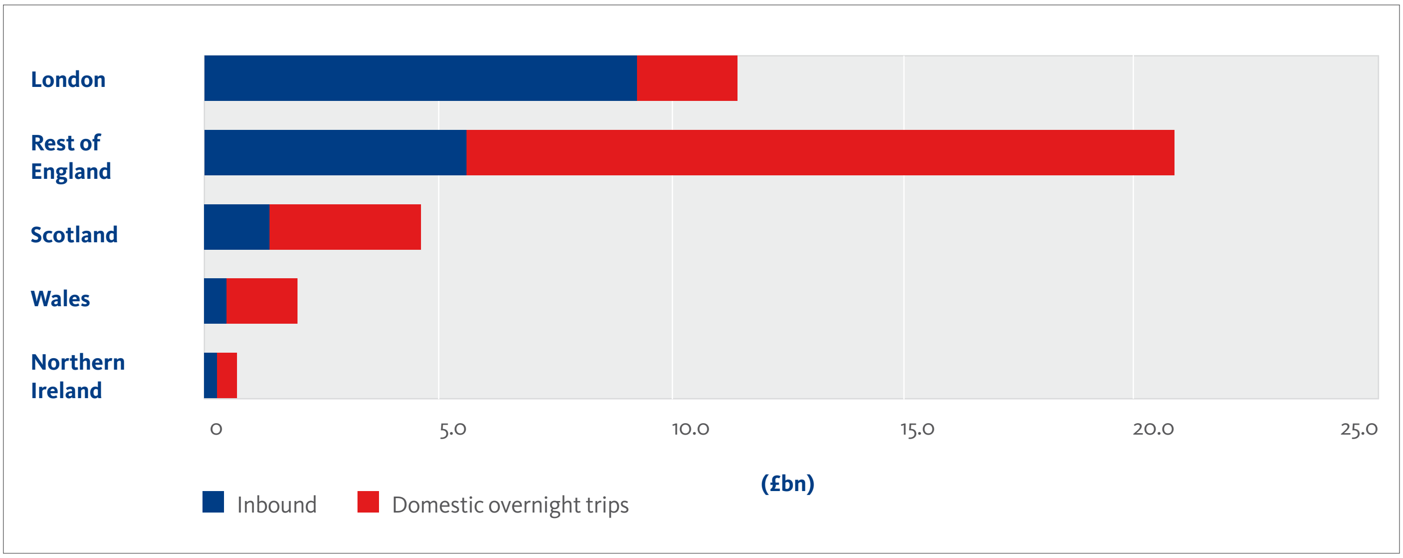
Overseas visitors spend around £18 billion a year in this country and they contribute more than £3 billion in tax and duty to the Exchequer (IPS 2011).

The graph overleaf shows the breakdown of domestic overnight and international tourist expenditure across the various parts of the UK. London is the preeminent destination for overseas visitors to Britain, and accounts for a little over half of overseas visitor spend in the UK.

Tourism's economic contribution

- £115 billion a year to UK GDP
- 2.6 million jobs
- Spend by tourists has grown faster than GDP since 2010
- Tourism supports as many jobs today as there are men, women and children living in Greater Manchester
- Inbound tourism generates around £3.2bn of government tax revenues annually

The value of inbound and domestic overnight tourism in 2011 (£bn)



International tourism is a growth industry – it has grown by 3% in volume and 8% in nominal value terms since May 2010 while the UK net GDP growth has been -0.3% (Office of National Statistics 2012).

A country's tourism offer is an important part of the image building of that country – and how others see us influences not just whether people come for a week's holiday but whether they choose to invest in British business or relocate their families and their companies here.

In a global economy, a range of businesses depend on travel and tourism policies to enable clients, customers and colleagues to conduct business. And both travel and tourism contribute to the infrastructure – airports, hotels – and shared cultural connections which make Britain an attractive place to visit, in which to work or in which to invest.

Where we are

Competition – Britain's position in the global market place

The market place for global tourism is getting tougher. Absolute numbers of international visits are set to pass the 1 billion mark in 2012, but Britain's global position is in decline.

The growth in global travel over the last two decades means that Britain is competing against more destinations, for a larger number of potential visitors.

In 1990 Britain attracted almost twice as many international tourists as did China; in 2011 China attracted nearly twice as many as Britain.

In 2011 Britain was the seventh most popular international tourism destination based on international arrivals – a fall of one place since 2010.

The graph, overleaf, shows that travel to Britain from a number of source markets has grown more slowly than general outbound travel; in a number of markets Britain has actually seen decline for inbound travel even as a market has grown. Visits to the UK from the USA have fallen 27% since 2006, but outbound travel from the USA generally has increased by 3%.

Economic growth is a major driver of growth in tourism. China is a clear example of this – a market today worth US$72.6 billion. Chinese citizens' outbound travel spend has increased by 400% in the past decade.

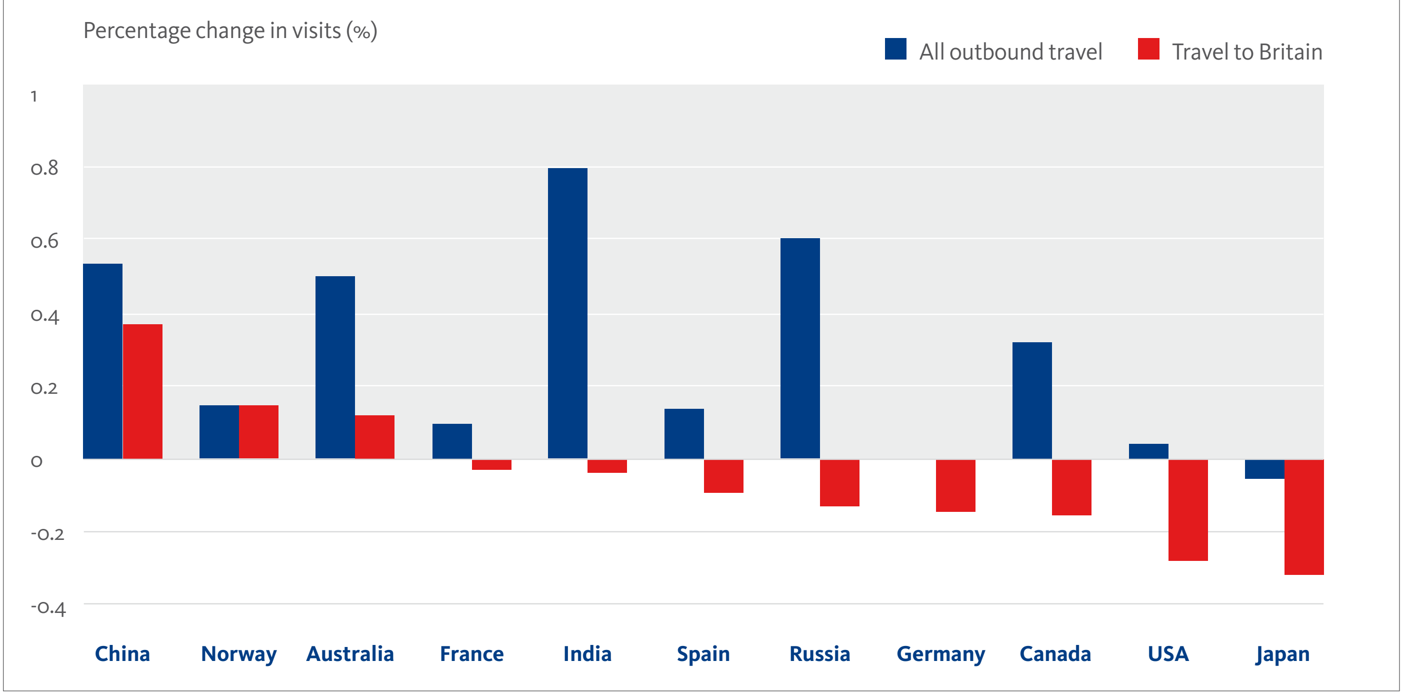
Low cost air travel, open skies agreements, visa waivers, sustained economic growth in established and emerging economies and the following winds of globalisation have all contributed to this global change.

So Britain faces more competitors than ten years ago.

2011 Rank	Destination	Staying visits (m)	2010 Rank
1	France	79.5	1
2	USA	62.3	2
3	China	57.6	3
4	Spain	56.7	4
5	Italy	46.1	5
6	Turkey	29.3	7
7	**UK**	**29.2**	**6**
8	Germany	28.4	8
9	Malaysia	24.7	9
10	Mexico	23.4	10

2011 Rank	Destination	Receipts (US$bn)	2010 Rank
1	USA	116.3	1
2	Spain	59.9	2
3	France	53.8	3
4	China	48.5	5
5	Italy	43.0	4
6	Germany	38.8	6
7	**UK**	**35.9**	**7**
8	Australia	31.4	8
9	Macau	TBC	9
10	Hong Kong	27.2	10

Growth in travel from source markets 2006-11



British tourism also faces serious economic headwinds.

The US remains by far and away Britain's most important market in value terms. However, slow economic recovery in the US is a worry.

Ongoing difficulties in the Eurozone are also a major concern. The US may be our single biggest market, but Western European source markets, including France, Germany, Italy and Spain, were together responsible for around 10 million visits in 2011 – around a third of the total.

There are also signs of slowing growth in the emerging economies.

Countries around the world are looking to tourism to drive economic growth in these difficult times.

Competitors are actively searching for ways to raise their game and win more visitors.

The UK was ranked the seventh most competitive visitor economy by the World Economic Forum in 2011. Germany was ranked second, and France third.

Britain's ranking was an improvement on the 2009 position of 13th. That improvement was largely driven by favourable exchange rate movements, which made the UK a relatively less expensive destination to visit (WEF 2011).

The snapshot, on the right, sets out WEF's assessment of Britain's competitiveness across a range of attributes, based on performance as perceived by WEF researchers. The UK scores highly on cultural resources (3rd in the world) but comes 135th for price competitiveness.

The WEF placed the USA in sixth place, just ahead of Britain.

"Economic growth is a major driver of growth in tourism"

Travel and tourism (T&T) competitiveness

	Rank (out of 139)	Score (1-7 scale)
2011 Index	7	5.3
2009 Index	11	5.2
T&T regulatory framework	21	5.3
Policy rules and regulations	13	5.2
Environment sustainability	11	5.5
Safety and security	30	5.6
Health and hygiene	46	5.6
Prioritization of Travel & Tourism	49	4.8
T&T business environment and infrastructure	11	5.3
Air transport infrastructure	5	5.5
Ground transport infrastructure	17	5.5
Tourism infrastructure	19	6.2
ICT infrastructure	9	5.7
Price competitiveness in the T&T industry	135	3.5
T&T human, cultural, and natural resources	3	5.3
Human resources	8	5.7
Education and training	16	5.8
Availability of qualified labour	12	5.6
Affinity for Travel & Tourism	86	4.5
Natural resources	23	4.5
Cultural resources	3	6.4

Source: World Economic Forum

The US Government has recently published a national travel and tourism strategy which explicitly aims to tackle issues of image, the visa process and border controls. Brand USA, the new promotional body, is projected to have a budget of up to $200 million; half-funded by investment from the private sector and the remainder from the American Electronic System for Travel Authorization (ESTA), which charges a small $14 fee on visitors travelling to the United States from countries that do not require a visa.

In June 2012 the Australian Government withdrew proposals to increase departure taxes, and doubled the proportion of the departure tax hypothecated to tourism promotion from 10% to 20% – projected to be worth AUS$48 million on top of existing tourism budgets. VisitBritain's core funding in 2011/12 stood at £26.7 million.

Standing still is not an option if Britain is to reverse a trend of declining market share against a backdrop of increased competition and a tougher global economy.

This means setting out Britain's tourism ambition, and putting in place the strategy required to deliver it to ensure that both policy and promotional activity are aligned in order to achieve our economic ambitions.

US National Travel and Tourism Strategy

In May 2012 the United States set out a national tourism strategy. The US Government aims to create jobs by attracting 100 million overseas visitors a year by 2021 and an annual visitor spend of $250 billion.

The strategy sets out five pillars by which the US intends to achieve this goal:

- Promote the US with a welcoming and positive message to potential visitors, coordinated with Brand USA and expressed by all Federal agencies and departments
- Enable easier travel to and within the US by expanding the visa waiver program, improving the process for obtaining a visa, and improving airport security processes
- Improve the visitor experience by supporting workforce development initiatives (training) and harnessing new technology to provide visitor information
- Improved coordination across Government to deliver on tourism objectives
- Improved research and evaluation to improve understanding of the tourism market and its potential

Visitor volumes 2011

		Growth 2006-11 (%)	
Market	Visits to UK (000s)	All Destinations	To UK
Australia	1,093	50%	14%
Austria	271	13%	-10%
Belgium	984	14%	-1%
Brazil	276	106%	146%
Canada	740	31%	-15%
China	149	52%	39%
Denmark	614	10%	17%
France	3,633	11%	-2%
Germany	2,947	0%	-14%
Hong Kong	149	20%	-4%
India	355	80%	-3%
Ireland	2,371	-8%	-19%
Italy	1,526	6%	3%
Japan	237	-5%	-31%
Kuwait	71	63%	20%
Malaysia	130	72%	54%
Mexico	78	-1%	-11%
Netherlands	1,789	8%	0%
New Zealand	187	14%	-16%
Norway	739	15%	16%
Poland	1,057	-15%	-20%
Qatar	42	45%	59%
Russia	211	60%	-13%
Saudi Arabia	105	28%	60%
Singapore	132	43%	33%
South Africa	194	25%	-45%
South Korea	141	13%	-8%
Spain	1,836	13%	-7%
Sweden	794	14%	11%
Switzerland	768	16%	3%
Turkey	126	48%	-17%
UAE	241	112%	36%
USA	2,846	3%	-27%

Market value 2011

Market	Value £m in 2011
Australia	£1,015
Austria	£142
Belgium	£282
Brazil	£302
Canada	£512
China	£240
Denmark	£290
France	£1,158
Germany	£1,252
Hong Kong	£176
India	£318
Ireland	£748
Italy	£792
Japan	£191
Kuwait	£207
Malaysia	£149
Mexico	£58
Netherlands	£624
New Zealand	£163
Norway	£523
Poland	£340
Qatar	£88
Russia	£306
Saudi Arabia	£260
Singapore	£169
South Africa	£170
South Korea	£128
Spain	£841
Sweden	£410
Switzerland	£414
Turkey	£137
UAE	£254
USA	£2,362

Stronger Weaker

Value per visit (all visit purposes and holiday visits 2011)

	Average spend per visit	
Market	Holiday visits	All visits
Australia	£862	£929
Austria	£515	£524
Belgium	£363	£286
Brazil	£646	£1,094
Canada	£775	£691
China	£1,462	£1,618
Denmark	£474	£468
France	£315	£321
Germany	£460	£425
Hong Kong	£947	£1,184
India	£501	£896
Ireland	£363	£336
Italy	£550	£519
Japan	£674	£805
Kuwait	£2,657	£2,902
Malaysia	£848	£1,150
Mexico	£507	£744
Netherlands	£408	£349
New Zealand	£684	£872
Norway	£839	£707
Poland	£390	£322
Qatar	£3,245	£2,100
Russia	£1,009	£1,450
Saudi Arabia	£2,722	£2,470
Singapore	£1,324	£1,272
South Africa	£951	£876
South Korea	£862	£908
Spain	£497	£458
Sweden	£547	£516
Switzerland	£547	£540
Turkey	£1,114	£1,087
UAE	£1,304	£1,057
USA	£730	£830

Big spenders (2011)

	Holiday visits	
Market	Nights per visit	Spend per night
Australia	10	£86
Austria	6	£86
Belgium	4	£91
Brazil	7	£92
Canada	9	£86
China	13	£112
Denmark	4	£118
France	4	£79
Germany	6	£77
Hong Kong	8	£118
India	8	£63
Ireland	4	£101
Italy	6	£92
Japan	6	£112
Kuwait	12	£215
Malaysia	7	£116
Mexico	8	£66
Netherlands	5	£82
New Zealand	11	£65
Norway	4	£210
Poland	9	£43
Qatar	15	£215
Russia	8	£126
Saudi Arabia	13	£207
Singapore	8	£166
South Africa	10	£100
South Korea	4	£201
Spain	6	£83
Sweden	5	£109
Switzerland	5	£109
Turkey	10	£113
UAE	11	£119
USA	7	£104

Seizing the prize

	Growth 2006-11 (%)			
Market	Value £m in 2011	2020 Potential total spend (all purposes £m)	Potential growth (£m)	Potential growth (%)
Australia	£1,015	£1,443	£427	42%
Austria	£142	£178	£36	25%
Belgium	£282	£370	£88	31%
Brazil	£302	£492	£190	63%
Canada	£512	£913	£401	78%
China	£240	£618	£378	157%
Denmark	£290	£342	£52	18%
France	£1,158	£1,277	£119	10%
Germany	£1,252	£1,484	£231	18%
Hong Kong	£176	£317	£141	80%
India	£318	£438	£120	38%
Ireland	£748	£957	£209	28%
Italy	£792	£667	-£125	-16%
Japan	£191	£240	£49	26%
Kuwait	£207	£310	£103	50%
Malaysia	£149	£278	£128	86%
Mexico	£58	£106	£49	84%
Netherlands	£624	£592	-£32	-5%
New Zealand	£163	£227	£64	39%
Norway	£523	£692	£169	32%
Poland	£340	£575	£234	69%
Qatar	£88	£132	£45	51%
Russia	£306	£536	£231	75%
Saudi Arabia	£260	£729	£469	181%
Singapore	£169	£230	£62	37%
South Africa	£170	£249	£78	46%
South Korea	£128	£249	£121	95%
Spain	£841	£1,295	£454	54%
Sweden	£410	£381	-£29	-7%
Switzerland	£414	£503	£89	22%
Turkey	£137	£179	£42	31%
UAE	£254	£383	£128	50%
USA	£2,362	£3,536	£1,174	50%

Stronger Weaker

Issues to consider

Factors impacting competitiveness and strategy

Britain’s core markets

Issues to consider

Factors impacting competitiveness and strategy

Volume and value

To maximise the economic benefits of international tourism, Britain's strategy ought to be aimed at increasing the real value of tourism to Britain (adjusted for inflation).

There are a number of ways to achieve this:

- Increase spend per day
- Increase length of stay
- Increase repeat visits to Britain, and thereby increase visitors' lifetime value to the UK

In most source markets, volume of visits is a direct driver of overall value. The economic benefits of international tourism are the product of the money spent in Britain by overseas visitors. Each visitor spends on average £563 per trip. Some visitors far exceed this; the average spend of a Chinese holiday visit is £1,462 (IPS 2011). Every overseas visitor to Britain pays, on average, £101 in taxes and duties (including VAT and Air Passenger Duty). And for every £40,000 spent by overseas visitors another job can be created (VisitBritain and Deloitte 2011).

Length of stay and average daily spend by holiday visitors to Britain, from our major source markets, are heavily clustered around a daily spend of £95, and a five-day length of stay. Lengthening average periods of stay, or increasing daily spend, would have the effect of increasing the amount of money spent in Britain by tourists, thereby increasing the value of tourism to the UK economy.

In practice both these options are difficult to achieve.

Increasing spend per day runs the risk of making Britain seem to be a more expensive destination, unless British product is seen as offering good value across the price spectrum. Britain is already perceived as an expensive destination, albeit on a par with close competitors France and Italy (Anholt-Gfk Nation Brands Index 2011). This is despite the depreciation of sterling by around 25% since 2007.

Over the last year VisitBritain has conducted extensive competitive analysis in each of its core markets. This demonstrates that in a number of markets there is potential to increase length of stay. This is particularly the case in Western European countries where current length of stay is very short, reflecting that most holiday visits to Britain are short breaks.

It would be more difficult, however, to increase length of stay from the US; forecast still to be Britain's most valuable source market in 2020. US visitors already stay in Britain for an average of seven days (excluding travel). The average length of vacation taken by Americans, anywhere, is eight days.

In some markets, therefore, achieving greater volumes of visitors is the principal route to achieving greater value.

There is scope to increase visitor spend, however. Wealthy visitors still form an important segment in a number of markets, including the Gulf, China, India, Russia and the USA. Promoting 'luxury' Britain to these segments could have significant benefits in increasing perceptions of Britain, as well as increasing the value of tourism.

Audience

Britain's marketing overseas currently targets a number of segments across all markets:

- **Middle-class leisure traveller (DINKS/SINKS/Empty Nesters)**
  Likely to become more cautious and consider alternatives (domestic/regional holidays) due to financial concerns. The segment will respond to value messages and although middle to upper middle class, is essentially opportunistic. Real need to promote offers and weak pound to this segment.
- **Youth segment**
  Whether migrants or natives, this audience lives, eats and breathes online. Will respond to low-fare offers, but new experiences on offer in Britain can give them their most valuable currency – social cachet. An opportunity to showcase vibrant city-life.
- **High Net Worth Individual**
  Whether old money or new, this segment demands exclusivity, quality and unique experiences/one-offs that give them bragging rights.

These segments can be grouped into two audiences:

01 **First-time visitors**
Awareness of the product outside of the M25 corridor will be low, therefore London is likely to act as the key driver for this audience

02 **Repeat visitors**
People that have visited previously should be aware of the welcome that awaits them, and should be made more aware of the product, and therefore be more pre-disposed to see more of the nations and regions

The distinct characteristics of these segments and audiences vary between markets. There is no 'one-size fits all' approach, and a consumer-led approach for each market where Britain promotes itself is the ideal approach.

Decline in large markets

Four markets – France, Germany, Spain and the USA – generate around a third of visits and spend. They are, therefore, extremely valuable. Britain has, however, seen a decline in visits since 2006. Critically, these declines are set against a growth in general outbound travel from each of these markets with the exception of Germany.

Many of Britain's most valuable markets have seen significant percentage declines in travel to the UK. By contrast, the markets which have grown most in percentage terms since 2006 will, in general, be of limited value in 2020. Their performance will not be sufficient to make up for the loss of visits and value elsewhere.

The graph, below, shows the change in visits to Britain from core markets and the forecast value of those markets in 2020.

It shows that the markets forecast to be Britain's most valuable in 2020 are, predominantly, those which have seen significant declines in visits since 2006. The fastest growth has come from emerging markets in the Gulf, Brazil and China. There has also been solid growth in a number of middle-value markets in Western Europe, Scandinavia and Australia.

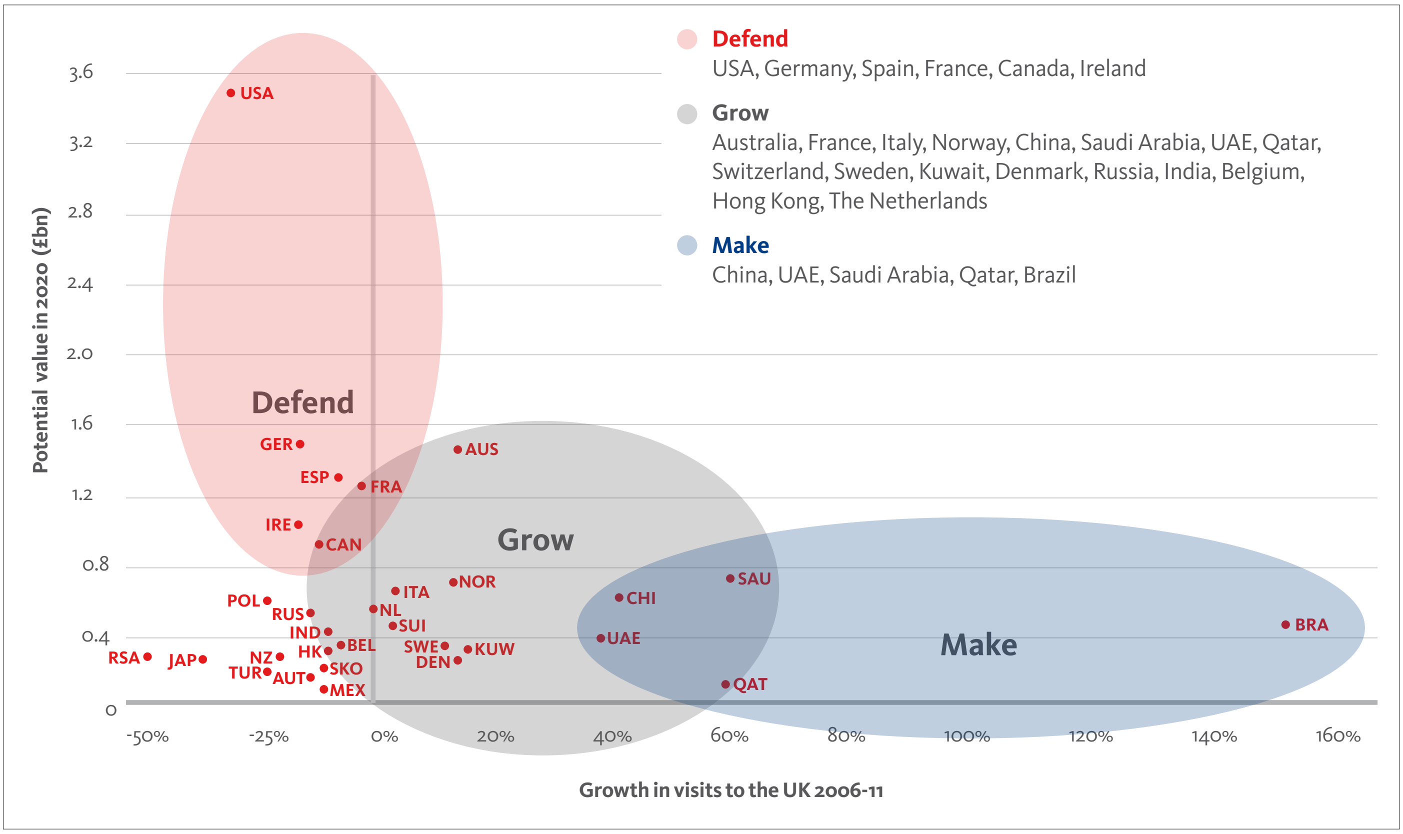
There are, broadly, three categories into which Britain's major source markets could be grouped (see right).

Balancing the competing demands of these three groupings is an important challenge for a Britain strategy. Defending Britain's position in major markets, establishing a position in markets with long-term potential, and achieving short-term return. Economic growth asks different questions of British tourism, and will require different responses.

Britain's major source markets

- **Markets where Britain needs to defend volume, value and market share**
  France, Germany, Spain and the USA generate almost one third of all money spent by visitors in the British economy. Britain has lost market share and visits in these markets since 2006
- **Markets of middle-value, which have seen good growth since 2006 despite global recession**
  This category includes Australia, Norway, Denmark, Sweden and the UAE
- **Markets which are of relatively small absolute-value, but are fast-growing and have considerable long-term potential**
  China and Brazil are fast growing markets though they will remain low value by 2020. Russia and India have seen modest declines in visits since 2006

Potential value in 2020 and recent performance (2006-11)



Long-term versus short-term growth

In absolute terms the majority of growth in both visits and value is forecast to come from established markets. Emerging markets have been growing, and will continue to grow quickly, but their overall contribution in terms of value will be relatively small throughout the period to 2020, compared with established markets.

The contribution of emerging markets – even those as important as Brazil, China and India – to increasing the value of tourism to Britain by 2020, therefore, is limited.

These are, however, markets where their long-term growth potential – over the next 30 years – is significant, and where VisitBritain's competitive analyses demonstrate that knowledge and perceptions of Britain as a holiday destination are weaker; where time and resource-intensive engagement with the travel trade is key to increasing visits; and where there is potentially less interest from the private sector in match-funding promotional activity.

The UK Government is rebalancing its strategic focus away from Europe and towards emerging powers. Both FCO and UKTI have directed resources away from countries where Britain has a more established relationship, towards those where long-term investment in time, energy and money is required in order to secure Britain's long-term prosperity.

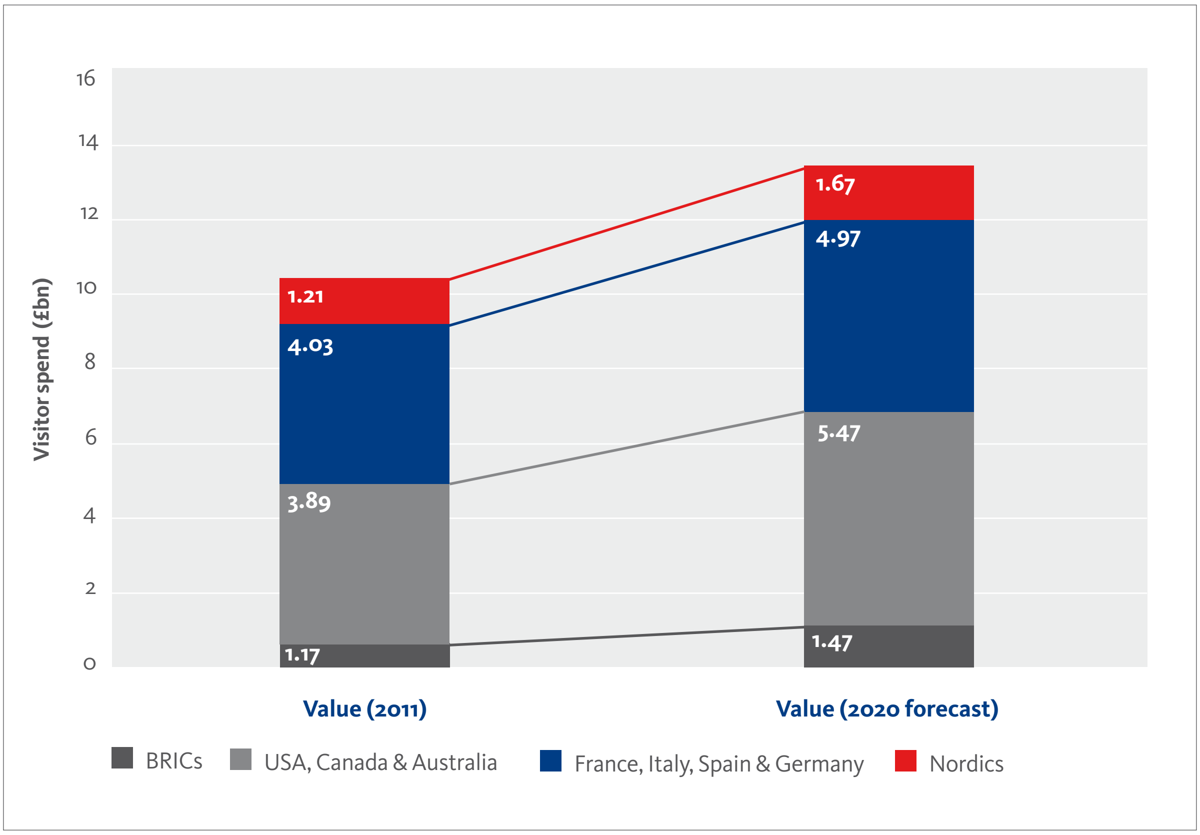
This poses strategic challenges for tourism promotion of Britain – how to balance resources to ensure continued revenue is delivered in the short term while building a long-term position in markets that are key to Britain's future prosperity.

Cities versus countries

Over half the world's population lives in cities; the UN Population Fund believes that by 2030 over five billion people will live in cities. This concentration of people goes hand-in-hand with a concentration of wealth. Indian High Net Worth Individuals will number around 24 million by 2025 (NCAER 2011), concentrated in the eight largest Indian cities. In China, Shanghai will have the third highest GDP of any city in the world by 2025, while Beijing will have the fifth highest (McKinsey 2011). This trend is not confined to emerging powers. In the USA, New York and Los Angeles alone are the source of almost one million visitors to Britain. McKinsey estimates that between 2010 and 2025 the world's 600 largest cities will account for 65% of global GDP growth.

Given this concentration of wealth and large populations, cities may therefore offer a more defined target for promotional activity than a country more generally. In addition major transport infrastructure, particularly international airports, are often located close to cities, making travel to Britain easier.

Value 2011 and 2020 visitor spend (£bn)



Promotion of Britain has begun to move in this direction as part of the GREAT Britain image campaign – targeting 15 cities in nine countries.

The city approach might not be appropriate for every market. Germany is a country of almost 82 million people. Berlin, the largest city, is only home to four million. Other European countries exhibit a similar dispersion of wealth across a proportionately wider number

Inbound visits from cities

Rank	City/Region	Visits (000s)
1	Paris	928
2	Nordrhein-Westfalen	899
3	Noord Holland	532
4	Zuid Holland	466
5	Madrid	462
6	New York State	456
7	California	449
8	New South Wales	446
9	Lombardia	444
10	Bayern	441
11	Ontario	360
12	Hessen	326
13	Brussels	308
14	Baden-Wurttemberg	302
15	Barcelona	272
16	Pas-de-Calais	255
17	Lazio	255
18	Zürich	249
19	Genève	223
20	Niedersachsen	219
21	Berlin (or ex West)	218
22	Masovia	211
23	Nord (Fr)	204
24	Noord Brabant	202
25	Veneto	198

Issues to consider

Britain's core markets

International tourism to Britain does not only face challenges arising from global economic trends and competitor activity. Source markets also present unique complications reflecting their individual characteristics. Over the past year VisitBritain has undertaken an in-depth competitive analysis for each of its core markets.

These assessments identify opportunities for and barriers to growth, and set out a range of potential solutions.

The bottom-up analysis originating from these competitive assessments identify four issues which Britain needs to address in order to improve Britain's global competitiveness and deliver the growth in visits and value which will increase the economic contribution of tourism to the UK economy. These are:

Image

Britain generally enjoys a strong and positive image overseas and indications are that this has been boosted by global coverage of the 2012 Games – particularly our creativity, heritage and culture, arts and music and welcome. Welcome is a key indicator for tourism – visitors who feel welcome in a destination are much more likely to recommend it. From the Nations Brand Index we know that Britain has not been seen as welcoming as some of its key competitors – but the warmth of the welcome to visitors and the spirit of the volunteers have shown another side of the reserved British. That warmth and vitality needs to be reinforced so that Britain is not only admired for its role in business, education, commerce, history and culture, but it is seen as an unmissable holiday experience.

Engagement with the travel trade

The travel trade is important to increasing visits from a number of markets. For example, up to 75% of travel bookings in China are made via the trade, and over 70% in Australia. More strategic engagement with the leading operators and travel agent groups and associations in key trade markets could ensure the greater prominence of Britain product in brochures, and increase the range of product on offer to potential visitors.

Product

Britain has, in general, a strong product offer. Luxury hotels, shopping, heritage, culture and attractions are world-class and are considered to be good value by people who have visited Britain. However Britain is rated less well than major competitors on value for mid-range accommodation and food and drink by visitors.

Ease of access

In the long term new airport capacity is essential to accommodate tourism growth and ensure that Britain remains a competitive destination for airlines and their passengers. In the shorter term, encouraging new routes between the UK and overseas regional airports may offer a way to increase seat capacity without new capacity on the ground. Air Passenger Duty affects the profitability of new air routes for airlines, discouraging route development. VisitBritain will work to identify barriers to and opportunities for new air routes from key markets.

The UK visitor visa regime is one of the factors inhibiting Britain's competitiveness as a destination for international tourism. European competitors such as France and Germany are performing better than Britain in attracting visitors from growth markets such as India and China. Britain is not part of Schengen, so visitors intending to travel to the UK and Europe require two visas rather than one; a British visa requires biometrics and the documentation required is onerous. And whilst UK visas are often issued at comparable speeds to the US or European visit visas, the way service standards are set out creates confusion for potential visitors. This results in poor performance in attracting visitors relative to key competitors in Western Europe, and reduces desire to visit Britain in the longer term, as it perpetuates the idea that Britain is an unwelcoming destination.

A strategy which tackles these four issues and recognises the wider challenges of global competitiveness can deliver growth from tourism for the UK economy.

"Four key issues that Britain needs to address in order to improve Britain's global competitiveness"

Where we want to go

Ambition

Strategy – policy, product, partnerships, promotion

Where we want to go

Ambition

VisitBritain has developed two scenarios, looking at the impact of economic growth, policy and marketing interventions. These scenarios allow us to quantify the benefits of tourism growth.

Scenario 1

Britain's ambition is to attract 40 million visitors and earn £31.5 billion from inbound tourism by 2020.

Achieving 40 million visits by 2020 represents a significant increase in tourism to Britain compared with current levels:

- 9 million additional visits a year in 2020
- £13 billion additional visitor spend annually (in nominal terms)
- £910 million additional tax revenues a year
- Support for 131,000 additional jobs across the UK per annum

This assumes VisitBritain continues to be funded at current levels, including additional GREAT funding for an image campaign[1].

This scenario describes the current marketing level and policy backgrounds. Within this scenario, VisitBritain's marketing funding is sustained which generates additional visits per year, both through tactical and image-building campaign activity. Meanwhile, policies remain unchanged in terms of transport capacity, aviation taxation, and visa issuance.

Scenario 2

Britain's ambition is to attract 42 million visitors and earn £33.5 billion from inbound tourism by 2020.

The best case forecast would deliver a significant increase on Scenario 1:

- 2.2 million additional visits a year in 2020
- £3.1 billion additional visitor spend annually
- £225 million additional tax revenues a year
- Support for 52,000 additional jobs across the UK per annum

1. This modelling has been carried out for VisitBritain by Tourism Economics. Tourism Economics is an Oxford Economics Company with expertise in the field of tourism and forecasting, undertaking analysis for leading global tourist boards, WTTC and Discover America Partnership

The impact of the best-case scenario becomes more pronounced over the longer term[1]. By 2030 this forecast shows that Britain could be attracting 62 million visitors a year – almost twice the 2011 total.

This scenario incorporates sustained funding for marketing within an improved policy environment. As a result of maintaining the level of VisitBritain marketing, both tactical and image building, after the four-year Comprehensive Spending Review period, additional visits per year are generated. In addition, policy reforms are implemented to boost transport capacity, reduce taxation, and increase visa liberalisation. Visa facilitation policy change is assumed to take effect from 2013 with impacts assumed to take place between 2014 and 2016, APD is phased out, and in the longer-term new airport capacity comes on-stream, though new runways are not operational until 2023 at the earliest.

Running throughout both the above scenarios is Oxford Economics' Macroeconomic model for each origin market underpinning demand for travel to Britain including real GDP, consumer spending and exchange rates. It is assumed that governments globally continue to tighten budgets with interest rates remaining low, leading to a general slowdown in global activity.

Britain's ambition

Scenario 1

To attract 40 million visitors and to earn £31.5 billion from international tourism a year by 2020

Scenario 2

To attract 42 million visitors and earn £33.5 billion from international tourism a year by 2020

Where we want to go

Strategy – policy, products, partnerships and promotion

Our strategy has four key elements: build on Britain's image, increase distribution through the travel trade in key markets, improve the range of product on offer where necessary, and make it easier to visit Britain by improving visas and increasing aviation capacity.

Global trends

- Patchy global economic performance
- Growing range of destinations
- Increasing competition for and investment in tourism
- Policy changes by competitors to attract visits
- Shift of global population to cities

Opportunities for Britain

- Prominence following the London 2012 Games
- Large global aviation route network
- Strong associations with culture and heritage
- Strong tourism infrastructure
- English language
- London is a global city

Barriers to growth

- Britain's image is good but competitors do better on some key aspects
- Deterrent effect of the visas regime – both perception and reality
- Small share of voice in a crowded marketplace
- Product and packaging gaps
- Lack of future airport capacity
- Lack of awareness of anything outside London

Tourism growth strategy

- Build on Britain's image
- Increase distribution through the trade
- Improve the range of product on offer
- Make it easier to get to Britain

Build on Britain's image

- GREAT can act as a long-term image builder for Britain
- Non-tourism brands and partners can play an active role in broadening and deepening interest in and recognition of Britain as a destination
- VisitBritain will continue to attract private sector partners to deliver the four-year, £100 million marketing campaign
- Play to Britain's strengths – heritage, traditional and contemporary culture – and address perceived weaknesses – natural beauty, food, value, welcome – in advertising and PR work
- Use digital marketing to create 'ambassadors for Britain' and augment tactical and image advertising

Britain generally enjoys a strong and positive image overseas. This does not, however, necessarily translate into a desire to visit. Sometimes Britain is admired for its role in business, commerce, history and culture, but not necessarily seen as a vibrant and fun holiday destination.

Britain's image overseas is heavily shaped by London. London is a huge asset for Britain – a global city that people around the world know and aspire to visit. However Britain does less well than its competitors on perceptions of scenic natural beauty – a major deciding factor for many holidaymakers – and on value, in part due to this predominance.

Britain's image is shaped by a larger number of players than just the national tourist board. In China, Britain's luxury consumer brands are not as ubiquitous and are seen as less aspirational than French and Italian brands such as Chanel, Louis Vuitton and Prada. Burberry is the only British brand to break into the top ten. Germany has an edge over Britain on consumer brands, especially cars and consumer electronics. And in the UAE, Paris is referred to in Arabic as 'the city of light' – it is perceived as the centre of culture, art and fashion – and London as 'the city of fog'.

Perceptions of a country take a long while to shift and need long-term commitment and funding to achieve change. In many key markets Britain continues to struggle for share of voice. VisitBritain is spending £1 million in 2012/13 on marketing activity in China. Tourism Australia is investing over AUS$20 million (£13 million at current exchange rates) a year on marketing in China.

Work with the travel trade in key markets

- Get Britain on the shelf – in brochures and sold by the travel trade
- Package and promote more areas of the UK to the trade and hence to overseas visitors
- VisitBritain to deliver a trade engagement and promotion strategy for prioritised markets which will allow Britain to exploit GREAT Britain and tactical advertising campaigns

The travel trade is key to increasing visits from a number of markets. For example, up to 75% of travel bookings in China are still made via the trade.

More strategic, top-level engagement with the leading operators and travel agent groups and associations in selected trade markets could ensure greater prominence of Britain product in brochures, and increase the range of product on offer to potential visitors.

Surveys of travel trade marketing brochures in VisitBritain's markets show that, relative to European competitors, Britain is not only underrepresented in terms of brochure pages (except for UK specialist agents) but it also has fewer thematic itineraries. France, Italy and Switzerland have up to twice, in some instances three-times, the exposure in travel brochures.

Britain needs to complement brand advertising with significant trade engagement to ensure the travel industry actively sells Britain rather than its competitors. This will require new resources for VisitBritain to fund co-operative marketing with key travel trade partners in market, as well as seeking to broaden product knowledge and incentivise the travel trade.

London is a key asset for Britain with global appeal, the first time destination of choice for many international visitors and we need to continue to reap the benefits. However London also dominates holiday visits by overseas visitors to an extent not experienced by our European competitors, with over half of tourist nights spent in the capital in 2011. Many visitors are attracted to the countryside and to experiences available outside of London, but are unaware of the opportunities because the majority of product on offer through the travel trade is London-focused.

Improve the range of product on offer

- The UK travel trade and tourist boards will work together to improve further Britain's range of products and make it more easily available to overseas visitors
- A focused strategy to ensure more destinations produce easily packaged, commissionable product which is competitive in international markets

Britain has, in general, a strong product offer. Luxury hotels, shopping, heritage, culture and attractions are world-class and are considered to be good value by people who have visited Britain. However Britain is rated less well than competitors on value for mid-range accommodation and food and drink by visitors (VisitBritain 2012).

As a result of questions asked to those responding to the International Passenger Survey, VisitBritain has a good source of information on the activities undertaken by overseas visitors, and the types of accommodation they stay in while visiting Britain.

The quality and value of food and drink, accommodation, and attractions are important in shaping perceptions of Britain as a holiday destination. They are also a vital tool for making visitors to the UK feel welcome.

There are also opportunities to develop product that appeals to core markets. For example, VisitBritain's competitive assessment for Germany identifies a lack of three-star hotel accommodation for German tour groups. Dutch visitors would like more opportunities for camping and outdoor activities in Britain.

Language barriers are also a competitive issue. In France, shop assistants at the Galeries Lafayette department store speak Mandarin while hotels with many Chinese guests provide television channels in their native language and teapots (in addition to coffee makers) in their rooms. In Britain, while some of the leading players such as the West End stores and Hilton Hotels have started programmes to welcome Chinese visitors, there is still much to be done to ensure tourism businesses around the country understand the expectations of international markets.

In many cases there may be product which exists and would be a good fit for overseas visitors, but owners and destinations are focused principally on the domestic market and so miss the opportunities presented by international tourism. Denmark, Norway and Sweden are among the fastest growing markets for Britain. Scandinavians routinely spend their summer holidays staying in self-catering cottages in Scandinavia. There is a clear opportunity for Britain to take advantage of good transport connections, a favourable exchange rate and close cultural ties to promote self-catering cottage stays in Britain.

Comparative indicative costs of a six-night/seven-day package tour offered by an Indian tour operator in May 2012

To	Budget		Mid-range		Luxury	
	Focused capital city	Touring	Focused capital city	Touring	Focused capital city	Touring
UK	London INR 50,000 pp	INR 75,000 pp	London INR 78,000 pp	INR 113,000 pp	London INR 210,000 pp	INR 300,000 pp
France	Paris INR 46,000 pp	INR 70,000 pp	Paris INR 72,000 pp	INR 99,000 pp	Paris INR 195,000 pp	INR 290,000 pp
Italy	Rome INR 45,000 pp	INR 80,000 pp	Rome INR 78,000 pp	INR 115,000 pp	Rome INR 210,000 pp	INR 300,000 pp

Britain seems to package less well than core competitors – as the table of package prices from India to the UK, France and Italy above shows. This appears to be the case even where individual elements of the package to Britain are competitively priced e.g. hotels.

VisitBritain's competitive assessments and market plans identify product gaps and opportunities in Britain's key inbound markets.

Make it easier to get here

- Government will publish a new aviation policy framework to ensure that new capacity to enable tourism and economic growth is balanced with the needs of sustainability
- Develop and implement a route development strategy to improve capacity from key growth markets
- Encourage route development between regional airports both in the UK and in key markets to improve connectivity
- Introduce a risk-based approach to the design of visas and selectively extend the validity period for a UK visitor visa, whilst keeping the cost the same. The US is actively looking to make this change
- Reduce visitor visa processing times and set out a clear service standard of handling all applications in one week. In China UKBA already routinely processes ADS visa applications within five working days
- Ease of applying, not price, is the key issue for potential visitors. Returning original documentation to applicants at the point of application, rather than on completion, would improve the process as would aligning the visa process with Schengen

Aviation and visas place constraints on the ability of people to visit Britain.

Aviation is an essential enabler for inbound tourism to Britain: 72% of visitors to the UK arrive by air. The only UK tourism markets where non-aviation modes of transport have a significant share are France, Belgium, Germany and Ireland and the Netherlands, where ferries or the Channel Tunnel provide viable alternatives to flying.

The connectivity provided by aviation is a major asset for overseas tourism to the UK:

- Over 750,000 scheduled flights depart the UK annually
- The UK is connected to 400 airports in 114 countries
- The UK is connected directly to 55 cities with more than 10 million inhabitants

Taking China as an example the UK is linked, via London alone, to Beijing, Shanghai, Hong Kong and now Guangzhou. Germany has the most developed route network in Europe with routes to Frankfurt from Beijing, Shanghai, Nanking and Guangzhou, to Munich from Beijing and Shanghai, and to Berlin from Beijing. Four Australian cities are connected with five cities in China. In 2011 Germany had 4,600 flights to China. The UK had 1,500.

The Department for Transport published updated growth forecasts in August 2011. These found that:

- By 2030 all the major London airports will be full
- By 2040 all growth will be at regional airports outside SE England due to capacity constraints
- With no new runways, by 2050 the UK would be able to welcome 50 million fewer passengers per year than it would without capacity constraints

Forecast growth in demand to visit Britain from France, Germany, the USA and the BRICs by 2020 could generate more flights than the spare capacity at Stansted and Luton airports can accommodate.

In the long term new airport capacity in the south east is essential to accommodate tourism growth and ensure that Britain remains a competitive destination for airlines and their passengers. In the shorter term, encouraging new routes between UK and overseas regional airports may offer a way to increase seat capacity without new capacity on the ground. And this should be aligned with a strong domestic flight schedule to enable point-to-point transfers. Air Passenger Duty reduces the profitability of new air routes for airlines, discouraging route development.

The UK visitor visa regime is one of the factors inhibiting Britain's competitiveness as a destination for international tourism. Britain is not part of Schengen, a British visa requires biometrics and the documentation required is onerous. This results in poor performance in attracting visitors relative to key competitors in Western Europe, it makes it harder for Britain to be included as part of a wider European tour, and it reduces desire to visit Britain in the longer term, as it perpetuates the idea that Britain is an unwelcoming destination.

A number of key inbound markets are subject to visitor visa requirements, including China, India, Russia and the UAE. Brazil is the only BRIC market not to need a visa for holiday visits.

Visa restrictions directly impact visitor numbers. The requirement for Taiwanese visitors to obtain a visa was removed in April 2009, and visits from Taiwan grew by 40% in 2009. By contrast visas were introduced for South African visitors from April 2009, and statistics from the International Passenger Survey indicate that visits from South Africa fell by 11% in the whole of 2009. They fell by a further 15% in 2010.

The Home Office and UK Border Agency have made considerable improvements in recent years. Given Britain's competitive position, however, the UK needs to do even better, in order to win market share. VisitBritain has developed a detailed policy proposal to transform the UK visitor visa system in order to attempt to out-compete our European rivals. The Home Office currently plans to conduct the global Border Security Assessment in 2013.

Working in partnership

Budgets are likely to remain tight. Partnership working across the public and private sectors represents the best opportunity to enable Britain to improve its competitive position.

There are three key issues:

01 **Partnership across a range of organisations in order to align priorities and resources**

VisitBritain is active in 21 markets, a reduction from 35 before the 2010 Comprehensive Spending Review. VisitBritain's funding is weighted towards established markets which deliver the bulk of volume and value in international tourism, and as a result can deliver quick economic returns. This reduces the funding available to market in countries which in the longer term will offer comparable returns but will not do so during this decade.

There is scope to align funding and activity better in order to leverage greater resources into the promotion of Britain, across a wider range of countries. For example, VisitBritain and UKTI are well positioned to work together on overseas missions. The tourism and travel industry may be willing to accept match-funding arrangements which result in the industry making a greater contribution to marketing in established markets (with possibly greater immediate returns) so that VisitBritain can redeploy its limited resources to developing markets.

02 **Extending the range of organisations involved in tourism promotion**

The GREAT Britain campaign – which brings VisitBritain, UKTI, FCO and other government and private sector organisations together in a marketing campaign to build Britain's image overseas and show that the UK is a great place to visit, in which to invest and in which to study – has shown the role that non-tourism businesses can play in shaping Britain's image around the world, and the impact that this has on tourism and investment decisions.

"Aviation and visas place constraints on the ability of people to visit Britain"

VisitBritain's competitive analyses reinforce this. The image of European countries in China is partly shaped by the advertising of consumer and luxury brands. Seen from a Chinese tour bus, the continent of Europe is not so much an ancient collection of cities and nations as a glittering emporium stocked with brands. However, Britain's retail and consumer brands fare poorly relative to their competitors. Britain's luxury consumer brands are not seen to be as aspirational as French and Italian brands such as Chanel, Louis Vuitton, Hermes, Christian Dior and Prada. Germany has an edge over Britain on consumer brands, especially automobile brands and consumer electronics. Recent research on China by Bain, in its Survey of Luxury Consumer Goods in Mainland China (2010), shows that the only British brand that has any significant 'cut through' in the China market is Burberry.

Non-tourism brands and partners can play an active role in broadening and deepening interest in and recognition of Britain as a destination. Perceptions of a nation's image and brand are not just influenced by marketing campaigns, but by the products, places and activities associated with that country. Collaboration with this wider range of influencers is a way to broaden efforts to shift perceptions of Britain and enhance our image further, with benefits for tourism.

03 **Embedding tourism in other people's strategies**
The nature of tourism means that it is directly and indirectly impacted by a wide range of bodies and issues.

Our aim is to begin a discussion on how, in partnership, organisations across the public and private sectors can align to deliver tourism's full economic growth potential over the remainder of this decade.

The GREAT Britain campaign has already seen VisitBritain working with other public diplomacy partners (including FCO, UKTI and British Council). Other parts of the public sector have an important impact on tourism too, through either policy or funding (see below).

Tourism is a devolved matter. Scotland, Wales and Northern Ireland all have independent tourist boards. The Mayor of London also has a promotional agency – London & Partners. VisitBritain works closely with all of these organisations.

The private sector has a key role to play. The industry is typically described as fragmented – there are 200,000 small and medium sized tourism businesses (Deloitte 2010) and a host of sector interests that have an interest in tourism. Yet the private sector already provides significant support to the marketing of Britain overseas – investing £50 million in VisitBritain's four-year marketing programme. These partnerships are a good basis for broadening and extending the promotion of Britain.

Adapting VisitBritain to meet the challenge

This strategy for Britain sets an ambitious long-term goal – 40 million overseas visitors a year by 2020. It lays out a range of policy and marketing activities to enable the achievement of this goal.

VisitBritain will be a major contributor to the achievement of this goal, but it will be one of a number of organisations from the public and private sectors which will need to work together in partnership.

This will require some changes to the way in which VisitBritain is structured and operates. A long-term strategy for VisitBritain, focused on how it will contribute to this Tourism Strategy, will be published in due course.

Public sector organisations which impact on tourism

Government department	Policy impact on tourism
Culture Media and Sport	VisitBritain's parent department, with responsibility for tourism policy and the funding of tourism promotion by VisitBritain and VisitEngland. Host department for much of the key content for tourism – museums, the creative industries, the arts and digital.
HM Treasury	Decision-making on funding for the overseas promotion of Britain, and policies which impact international tourism such as Air Passenger Duty, VAT and business rates.
Home Office	Impacts ease of travel to Britain through visas and border controls. Parent department for UK Border Agency and the Border Force. Also responsible for other matters affecting tourism including licensing.
Transport	Impacts ease of access to Britain through aviation and shipping policies, and the UK domestic transport system (road and rail).
Foreign and Commonwealth Office	Partner in the GREAT Britain campaign. VisitBritain's overseas staff is located in FCO posts. Tourism is a component of public diplomacy and soft-power. Parent department of the British Council.
Business, Innovation and Skills	Partner in the GREAT Britain campaign and, with the Department for Communities and Local Government, responsible for Local Enterprise Partnerships and the Regional Growth Fund. Parent department of UK Trade and Investment.
Communities and Local Government	Responsible for local authorities and the planning system. Responsible for Local Enterprise Partnerships and the Regional Growth Fund with BIS.
Energy and Climate Change	Responsible for UK energy and climate change policy, including energy pricing, EU emissions trading and the location of wind turbines.

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