



Discover England Fund Travel Trade Research

Final Report

June 2017

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1. Introduction

1.1 Project background

Following consultations with DEF fund applicants and other industry players, VisitEngland commissioned TEAM Tourism Consulting to undertake research to understand the views of key travel trade players regard the need and opportunities for product development in England, particularly outside London, to inform bids for Year 2 and 3 funding and hence to commission this project.

The **Business Objectives** set out in the Brief were to:

- Provide those engaged in product development in England with information about the **travel trade landscape in target markets**, including current demand for product, changes to the market and future trends
- Provide those engaged in product development in England with information about the **types of product that appeal** to the travel trade and its customers
- Help the English tourism industry, including DMOs, tourism businesses and others, to understand **barriers to including product from regional England in the travel trade offer**
- **Inform the development and selection of product development bids for years 2-3** of the DEF based on the types of product that are likely to appeal to the travel trade

The Brief also set out **Research Objectives**, which follow from the Business Objectives; these are shown in Annex 1. As a result of discussion at the Inception Meeting, these were extended to include:

- The **role and importance of London** in England tour programmes
- **England's competitors** – who they are and their relative strengths and weaknesses
- **Tour programme planning timelines** - relevant for product development planning
- The **most effective channels** for selling tour products;
- Establishing the potential for **collaboration with product providers** in promoting and selling tours featuring their products.

The research was focused on obtaining the views of tour operators in the US, Germany, France, Netherlands and the Nordics, together with OTAs and DMCs based in London.

2. Overview of travel trade generated business to England and the UK

2.1 Scale and characteristics of inbound packages

It is difficult to provide an overall picture of the relative size and characteristics of the market booking their trip as a package with the data currently available. However, information is available on trips booked as *packages*.

Volume of inbound package visitors to the UK

The International Passenger Survey (IPS) captures data on visits to the UK booked as *packages*, which is defined as a trip sold at an inclusive price covering both fares to and from the UK and the cost of at least some accommodation. Unfortunately, the IPS is not able to tell us what proportion of these trips are booked through the trade. The following paragraphs provide an analysis of the 2015 IPS data for package trips, available on the VisitBritain website at <https://www.visitbritain.org/inbound-tourism-trends>.

The four markets shown are the top four markets for visits booked as a package to the UK, and were the primary markets included in this study. The Nordic countries (Sweden, Norway and Denmark), also included in this study, did not appear in the top ten.

Of the 36m visits to the UK in 2015, 7% (2.62m) were booked as packages. A higher proportion of all holiday visits (27%) were booked as packages.

IPS 2015 data	Visits to the UK booked as packages in 2015	Proportion of total visits	Holiday visits to the UK booked as packages in 2015	Proportion of total holidays
Total	2.62m	7%	2.19m	27%
France	570,509	14%	519,264	27%
Germany	429,609	13%	399,259	26%
USA	231,530	7%	191,280	14%
Netherlands	196,274	10%	163,043	22%

Between 2010 and 2017, there were increases in holiday trips booked as packages to the UK from France (36%), Germany (20%) and the US (21%). However, the number from the Netherlands decreased (-11%).

The proportion of each age group whose holiday trip is booked via a package varies by age. Those under 16 are most likely to have their trip booked as a package, as they are likely to be travelling in a family group, which also may be the case for many aged 16 to 24. Those in middle age groups are least likely to have travelled on a holiday trip booked as a package, while those aged 55+ are most likely to have done so.

IPS 2015	% of holiday trips booked as packages			
Age Group	France	Germany	USA	Netherlands
0-15	72%	64%	26%	50%
16-24	33%	35%	19%	32%
25-34	6%	7%	8%	12%
35-44	8%	9%	8%	9%
45-54	6%	13%	13%	20%
55-64	10%	21%	13%	25%
65+	10%	47%	26%	24%

It is difficult to know what proportion of package trips as defined in the IPS as trips with an inclusive price were booked through the trade. However, VisitBritain's 'booking a holiday' report suggests that for holidays where travel and accommodation were booked together, 62% were booked through the trade, 21% directly with the travel provider and 17% directly with the accommodation provider. Further information is available in a VB Foresight report on booking: https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight_151_-_ipsos_booking_final.pdf

2.2 Key trends identified by this research project

Volume and short-term prospects are looking positive. The travel trade was generally positive about short term prospects with the majority reporting recent and anticipated increases in business to England.

Customisation of trips is increasing, even on organised touring holidays (through buying extensions before or after the tour).

'Clients are looking at putting their own stamp onto their holiday, they will take an off the shelf programme and then make amendments.'

There is a move to differentiate the offer from that of the OTAs – through value added products and away from simple accommodation only packages. There is a growth in special interest and academic groups, and bespoke exclusive, high quality, special experiences.

Increasing demand for experiential trips is a key trend. There is still strong demand for seeing classic sites and attractions but, even in more 'standard' packages, consumers are looking for experiential moments that go beyond the ordinary tourist experience and create a sense of place - "sight-doing not sightseeing". This can cover all aspects of a trip such as sampling local food (fish and chips wrapped in paper), meeting local people (or staying with them), soft activities such as taking a walk, taking a train journey etc. There is increased interest in going to 'off-the-beaten track' destinations

“Clients will look for special experiences, hidden gems, to combine the classics with the unusual”

However, products are **consumer driven** – especially in the US markets. Operators will not feature a product that has no proven demand, and this has implications for bringing new product to market (see below).

Brexit was seen generally as short-term opportunity, but with medium term uncertainty. In the short term, the weak pound was creating an opportunity but there was some hesitancy in the German market of consumers not wanting to travel to a country where *“they are clearly not welcome”*. In the medium term, there was uncertainty among the trade, particularly in European markets, regarding potential visa arrangements, inflation, negative PR about accommodation availability and service quality. Incoming tour operators were particularly concerned about recruitment issues, most their staff being from overseas. That said operators did identify potential positives:

“On est de plus en plus à l'étranger” – “you feel ever more that you are in a foreign country”

Safety is an increasing concern for consumers, and this is driving an interest in Northern Europe (e.g. UK, and Scandinavia, Iceland) destinations¹. This is a European phenomenon and among US operators, there was a feeling that consumers were becoming increasingly resilient.

Core markets remain 50+ couples and families but there is a **trend towards multi-generational travel** (parents, children and grandparents). US and Dutch operators highlighted an increase in millennials booking FIT packages through travel agents. Their feeling is that this segment is time poor and happy to have a professional company do the packaging for them.

3. England as a Destination

3.1 Themes and Destinations

Touring is a key feature of incoming tours. The destination is typically Britain (not England) so Scotland (and, for the US, other European destinations) will feature strongly. Visitors will often have limited time (in any one place). This is particularly the case for US markets, who will typically have only a week's trip; but also for the Dutch, who favour touring.

There are several **strong themes that attract customer interest, but with some market variations**. Key themes are:

¹ N.B. The research interviews took place in February and early March 2017, before the terrorist attacks which took place in London and Manchester in the first half of 2017

- **History and heritage**, including gardens, castles, stately homes and heritage cities. This is particularly strong for the US market but crosses all markets.
- The **countryside** and associated activities like walking, particularly strong for the German market. The countryside theme often crosses over with heritage, so there is an interest in, for example, historic villages, gardens etc.
- **TV and film inspired visits** are popular across all markets. Downton Abbey and Harry Potter were mentioned most frequently, but others are important – e.g. Rosamund Pilcher (and Cornwall) is big in Germany, Midsummer Murders (Nordics and Netherlands).

Culinary experiences (food and drink) are an important part of travel packages, very much reflecting the experiential theme noted above, but need to be distinctly English – e.g. gin tastings, afternoon tea, fish and chips, real ale and pubs (a growing area of interest for the US market) etc. Food is not generally a trip motivator and there are still negative perceptions about English food.

Other themes include **football** (particularly in relation to Manchester and Liverpool, and especially in the Nordic market) and **golf** (US market).

Events are not strong motivators – primarily because of difficulties in booking the product. **Ancestry** also is not a strong motivator for visits to England, compared to Scotland or Ireland, even in the US market.

The **England offer by tour operators has not changed significantly in recent years:**

“The market into England does not change a lot. Guests will continue to want to travel to the south and south west. They will want to experience nature and do soft activities such as walking and cycling.” German Operator

Several **destinations have strong appeal, but with notable variation by market:**

- London dominates for the US, French and Nordic markets
- London is not as strong for the German and Dutch travel trade markets. For the Dutch, it is a standalone product, and for the Germans it is a small part of the offer and declining (possibly a consequence of ease of booking through OTAs).
- Outside London, the **heritage destinations**, particularly Oxford, Cambridge, Windsor, Cotswolds, Stratford, York and Bath (especially for US and French markets) and /or destinations within **a day trip** of London remain strong.
- For the US market, Europe (via Eurostar) can also form part of a London trip.

Cornwall (and to a lesser extent Devon) and **the South** (particularly Kent but also Sussex and Hampshire) are **strong for French, Dutch and German markets**. Cornwall is especially strong for the German market, where the Rosamund Pilcher books / films have a major influence. It is more of an emerging destination for the US, and less important for the Nordics, a factor of distance.

The **Cotswolds** (tying into countryside / heritage themes) are also of growing interest, particularly in the French market.

There is **much less interest in destinations elsewhere in the Midlands and in the North**. This was seen as the “*most difficult sell*”. **The Lake District** was seen by operators as a key northern destination but not for first time visitors. **Liverpool and Manchester** are emerging destinations for US and Nordic markets, with the Beatles, music, football and as base for the Lake District the key drivers. York and Yorkshire were also mentioned by operators as having potential, along with Newcastle for Nordic markets.

Scotland and Ireland are key competitors, with strong appeal and brands (see below), and a perception of a warmer welcome. Ireland has the added advantage of the Euro and Scotland is benefiting more, post Brexit referendum, than England with more significant increase in bookings. Competition from Scotland, with its strong images, well-funded marketing and more supportive tourism operators, is an issue particularly for the north of England, which is generally regarded as a through route or stopover point on the way to Scotland.

Scandinavia and Iceland are emerging competitors to England. This is partly due to their relative safety, and the strength of their countryside. In addition, the perception of the expense of visiting England (see below) means it is being increasingly positioned alongside Scandinavia.

Other European countries, particularly **France** and **Italy**, are strong competitors with similar types of product but the advantage of a longer and sunnier season.

3.2 Strengths

England has several **core strengths**, commonly perceived across all markets. For the US, French and Nordic markets particularly, **London is the key** that dominates interest in England and drives much of England's image. Having such a magnet may be a major asset for England, but the downside is that, in these markets, it puts everything else in the shade.

“London is both a blessing and a curse” US operator

Other strengths include:

- **History, heritage and traditions including** the Royals, castles, gardens, museums, stately homes
- The chance to **experience local culture and lifestyle** and stay in traditional B&Bs
- **Ease of access**, a factor for all markets (including the US)
- The **English language** and common values/culture
- **Scenery and countryside**, including its diversity of landscapes, well preserved villages, and coastlines
- **Connectivity** and good transport infrastructure - albeit there is a related weakness, as noted below
- A **variety** of things to do – attractions, 'soft activities', distinctive experiences.
- **Safety and security.**

3.3 Barriers and Improvements

There are also significant weaknesses and barriers to the English offer, many of which are deep rooted.

Accommodation is a fundamental problem in several ways. **Availability and capacity** are the key issues. This is a common issue but was particularly the case in Cornwall and Devon. It is exacerbated by the short English season. In addition, there is a lack of willingness from many hotels to provide fixed rates and allocations more than 6 months in advance, which makes it very difficult for tour operators to include them in their programmes featured in printed brochures and on the web. This is a growing problem and hotels are less willing to form long term partnerships with operators, in contrast to hotels in other countries, such as Ireland. **This has major implications for England's presence in overseas tour operator programmes in the future.**

"There have been programme ideas who never made it beyond the idea stage as the required accommodation was not available."

Perceived **poor quality** and **excessive cost** of English accommodation are also a big issue, underlying the perception of England offering poor value for money:

"Ban carpets in bathrooms, it is possibly the greatest pet hate of the German market."

Other accommodation related issues include a lack of flexible twin/double rooms and family rooms, and difficulties booking self-catering accommodation.

In addition, **attractions are not necessarily well geared** to groups, often inflexible in terms of opening times, rates, access for coaches and group sizes, or refusing, sometimes after years of cooperation, to accept further group bookings.

'We are at times victims of our own success. We work hard to offer new visitor attractions to our clients, to make programmes more interested and bring business to newly discovered tourism businesses. And when the programmes take off, clients loving the experience, the cooperation is suddenly brought to a halt.'

Bookability of attractions is an issue, with different systems used by different attractions.

Poor service standards and welcome were cited as weaknesses. There was a feeling service standards were getting worse and the concern was this would continue post Brexit. There were also **perceptions of poor food quality** – and while this may not reflect today's reality, it remains a negative factor in the minds of consumers.

England is seen as **expensive** – for accommodation, food, attractions and travel.

Transport is an issue. This includes a lack of region to region flights, a seasonal lack of capacity of ferries and a nervousness of travelling in England by car - left hand drive being a substantial concern. **Quality of trains** is also an issue (lack of luggage space, poor standards), and for the trade they are difficult to access and book and seen as expensive. **Gaps in the rail network** make transportation a problem in FIT package tours. The feeling was that it can be challenging to plan an entire journey to rural areas of England using public transport and deliver them in a seamless way to the customer – the ‘final mile’ of a journey in England is an issue.

Lack of awareness is a major barrier for the development of product beyond London and the traditional ‘honeypots’. There are several elements to this:

- Limited awareness for some areas – particularly the Midlands and the North:
“On ne vous voie jamais” (“we never see you around”)
- Or a poor image: *“The perception of the North is to be industrial with dark cities and social poverty.”*
- Whilst England conjures up positive images (Royals, heritage, culture, countryside and coast, gardens), the **diversity** of the images can make it difficult for the consumer to make sense of it. This contrasts with Scotland and Ireland, where the images are more focused.

“I’ve always considered England to be an older people’s destination. We hear a lot about Gardens and the Queen. I think Ireland, Wales, and Scotland are definitely kicking butt and promoting different enticing offers with taglines that have stuck ...Wild Atlantic Way, Ancient East, #ScotSpirit”

- Two other operators also commented that England “feels older” compared to Scotland and Ireland, which have a more modern and adventurous image.

This unfocused and somewhat staid image makes it difficult to sell new product. While there is an appreciation among the trade of the potential to feature new destinations, attempts to do so have failed due to a lack of consumer awareness and interest:

“The northern areas of England are beautiful and have a lot to offer. The problem is that there is no consumer marketing and no help to provide inspiration to potential visitors”.

Fragmentation of effort and a lack of coordination between DMOs and tourism operators makes product development and contracting cumbersome. DMOs, with a few exceptions, are not seen as proactive in their support.

Other barriers include immediate **competition** – particularly Scotland and, for the US market, Paris (as a side-trip from London).

3.4 Potential beyond London

The potential beyond London was seen by operators as **more of a development of the existing offer**, rather than anything radically new.

Themes with potential include:

- **Walking and soft adventure.** This is a cross cutting theme across all markets but the nature of the activity will need to vary from a leisurely walk (up to half an hour) to a half day's activity. Walking is the primary activity but others include cycling, golf, canyoning, surfing and other nature based activities.
- **Gardens** – but these need to be packaged.
- **Film/TV locations** – not just the obvious one like Downton Abbey and Harry Potter but others seen as having potential (e.g. TOWIE, Geordie Shore).
- Distinctive **accommodation** – e.g. private castle stays (US) or country cottages (France).
- Food and drink **experiences.**

Destinations beyond London that were mentioned as having potential were mostly those already receiving tour business. They include:

- The **South Coast, Devon and Cornwall, and the Cotswolds**, especially for the German market, which has a very singular interest in this area, despite limited availability of accommodation.
- The **Lake District**, mainly using Liverpool/Manchester as a base, and, to a lesser extent, **Yorkshire**, with York as the base and featuring the Yorkshire Dales. Again, availability of suitable accommodation can be an issue in some areas – the Yorkshire Dales, in particular, lacks larger hotels.

Access to these areas is perceived as a problem:

“If regional access could be improved, the Lake District and Cornwall would have potential”.

Other areas mentioned by operators included the Peak District (France – on a self-drive basis) and the North East (Nordic markets). An issue highlighted by operators for northern destinations is competition from Scotland and/or the need to potentially package product with Scotland.

The **OTAs**, which are increasingly looking to add value to their basic products of accommodation and transport, are **a potential route to market for out-of-London experiences**, of the type that may be supported by the DEF. They will provide a means by which trips and excursions, particularly those that are suitable for individual or small group independent travellers, can be offered to millions of OTA users. Of course, this will require commission to be paid on the whole package price. How effective OTAs will be in selling these types of products remains to be seen, but the volume of sales could be substantial.

4. Developing the Offer

Planning cycles for operators for group packages vary from 6 to 24 months but an approximate **average length of cycle is 18 months**. Some operators are nimbler, particularly in developing FIT packages.

As noted in the previous section, there are some fundamental issues with England that cannot be easily addressed: for example, costs, transport issues and regional airport links. There are also weaknesses, such as service standards and accommodation (availability, cost and quality), which, while difficult to address, need to be tackled since they undermine England's long-term competitiveness for tour business.

In developing product, a key requirement for the tour operators is around **contracting with accommodation**. They need:

- Trade rates, which provide a discount on publicly available prices and provide value for money
- Price stability on rates for the duration of the planning cycle
- Release periods on room allocations – around 4 to 6 weeks before. Non-refundable deposits are counter-productive and many operators will not contract on that basis

A single point of contact with a supplier is also seen as helpful.

Many of the operators said that support in **awareness raising and joint marketing** is essential, particularly for new destinations and products where consumer awareness and demand is low. There was a call for advertising or PR that would showcase what England can offer the visitor, creating a more focused and powerful set of images. One French operator called it the need to 'vulgariser' (*popularise*) the destination – currently, the consumer does not 'dream' the destination.

"We can only grow further if the UK promotion of currently less popular areas is stepped up to increase demand or if the season in the most popular areas is being extended."

"The northern areas of England are beautiful and have a lot to offer. The problem is that there is no consumer marketing and no help to provide inspiration to potential visitors."

A key element of this is **consistency**. Operators mentioned marketing themes for Britain change too often which make it difficult for the trade to properly rally around them (due to their planning cycle) and for the message to stick. In addition, campaigns are often budget driven which can result in a lot of activity in one year but nothing in the next. This makes building equity a challenge. Manchester is perceived as a role model:

"Manchester is a destination which has consistently invested in the US market and built awareness over many years, and thereby built trade confidence".

Linked to awareness raising, familiarisation visits, press trips, and image databases are all welcomed by the trade. Training familiarising both tour operator staff and travel agents, potentially through webinars and online information, was also requested.

Other key areas for action include:

- **Creation of better awareness of the needs of the travel trade** – in terms of contracting with accommodation operators (see Section 3.3 above) food for groups, hosting groups and FITs at attractions etc.
- **Better packaging** and more cohesion in what regional products are offered with destinations grouped across wider areas. Operators are looking for more saleable product. This needs true products – i.e. a complete package, not just a concept or information. For them, developing a new product is costly and risky particularly if there is a question over potential consumer demand. There was a sense that **destinations in regional England did not understand the travel trade** sufficiently well and that product that was being developed was not sufficiently well developed to take to market, in terms of either appeal or level of development.
- Planning tools and clearer **information on public transport**, and how to access rural areas; and less complex train ticketing.
- **Centralised booking** mechanisms for attractions and smaller, and / or more specialised types of accommodation (e.g. B&Bs, cottages).
- **Early release** of information about upcoming events - 1 year to 18 months in advance.

Others included:

- More decent quality driver guides
- More ground handlers able to work in French
- More guides speaking German and French.

5. Conclusions

There are **three core themes**, the relevance of which varies by market:

- History and heritage (including gardens, castles)
- Countryside and walking is another strong theme. This often crossover with heritage (e.g. in villages, gardens)
- TV / film.

Underpinning these, **the delivery of memorable experiences is key**. There is a need to offer opportunities for consumers to get under the skin of the destination. This was consistent across all types of package – from escorted tours to FIT to groups. A focus on local distinctiveness and authenticity can (and should) cover all elements of a trip – e.g. accommodation (B&BS, cottages, castles), food and drink (pubs, gin making etc), and ‘soft adventure’ (country walks etc).

Tour destination choices remains largely unchanged and varies by market. Product development should reflect market interests:

- For US, France, and Nordics, London is key. ‘London plus’ has significant potential and this will typically be either heritage city based, and/or within a day trip of London.
- For France, Netherlands, Germany, the south of England, especially Cornwall but also Devon and Kent, have strong appeal.

There is less interest in the Midlands and the North. Lack of consumer awareness and appeal is a big issue, making these destinations difficult to sell. However, potential and emergent destinations for inbound tours include:

- Lake District and the cities of Liverpool and Manchester, the appeal of which is driven primarily by football and the legacy of the Beatles, but also suitability as a base for visiting the Lakes
- Yorkshire, with York as the base, offering access also to the Yorkshire Dales.

Competition is strong. Scotland and Ireland are strong competitors, with better developed brands and products. This is an issue for England as a whole, but has particular relevance for northern destinations, where there is a need to potentially package product with Scotland.

Access to suitable accommodation in England is a continuing problem for the tour operators, in terms of value for money, availability/capacity (in certain locations and at certain times) and willingness to contract on acceptable terms. It is a key constraint for further development of inbound tours. The lack of understanding among English operators and destinations about the travel trade and their needs and the needs of their customers.

Limited awareness of English destinations is a barrier to development of packages but sustained and focused promotion can help.

The travel trade is looking for new product in England. Operators are looking actively for innovative ideas to satisfy consumer demand. However, **consumer understanding and**

awareness is critical. The trade will not consider a new product unless there is customer interest and demand – as in the case of Downton Abbey.

There is an **opportunity for destinations and suppliers** but they need to be **creating true products, not ideas**. Suppliers need to create 'off the shelf' products which can be easily packaged and sold to a consumer hundreds or thousands of miles away. This means there should be consistency and the logistics of booking and experiencing the product should be simple. It appears too many product propositions require the trade to do a lot of planning and information gathering, which then undermines confidence and 'sell-ability', and puts more risk on the trade. Those suppliers and destinations that can create true, trade-friendly products will have a strong chance of success. **Quality not quantity** of product is required.

Product development also needs to consider:

- The **level of marketing support** behind destinations and products to give the trade the confidence that the demand will be there. This needs to be consistent and sustained.
- **Lead in times** for bringing product to market will be about 18 months – patience and consistency are required.
- **Time is a constraint** for visitors – they have a limited length of stay in England and/or will be touring. Destination products need to be one or two days and link with other elements of a trip.
- **TV and film tie ins** are a key driver and will sell.
- **Transport** is a key issue for visitors and potentially confusing. Suppliers need to address how customers connect to/from their destination from mainline rail stations – the transport package needs to be complete and go the 'final mile'
- The **commercial reality** for the trade. The trade needs to work with suppliers that can understand its requirements in terms of availability, rates, cancellation policy, and group requirements. Destinations can facilitate this process.
- **Educating hotels, attractions and destinations** to explain benefits and opportunities of working with operators – and their commercial requirements. Destinations need to work in wider areas that reflect consumer needs.
- **Added value**. The trade and consumers are looking for experiences – something that will differentiate the product from the normal. Something that will give the consumer the 'bragability' factor.

Don't forget the DMC. Many tour operators rely heavily on DMCs to source new product. DEF projects should be seeking engagement from DMCs as they develop product to ensure they are trade-friendly.

The **OTAs are a potential route-to-market for out-of-London experiences**, particularly those that are suitable for individual or small group independent travellers. These experiences will provide added-value services for the millions of OTA customers.

Annex 1 – Research Objectives (from the Brief)

The initial study in Year 1 (2016-17) should help to answer the following questions about the travel trade in near Europe (Netherlands, Germany, and potentially Nordics) and the US:

1. Market Context

- What current trends have they observed in terms of their customers' needs, wants and expectations? What kinds of trips are their customers looking for e.g. multi-centre, active breaks?
- What is the current demand for international travel product from their market? What types of tourism product appeal / are selling well?
 - o Which destinations cater well for these types of product? And why / how?
- Which types of products are selling less well than in previous years?
- How confident are they for future growth for the travel trade? What are the current and future trends in the industry? What types of tourism product are in growth / decline?
- What are their business' plans / ambitions / strategies / expectations for the future?
- (If not mentioned spontaneously) What is the impact of current events e.g. terrorism, Brexit, US Presidential election?

2. England as a destination

- What are the trends in tourism to England from their market, particularly England outside of London? What is the demand for English tourism product?
 - o Who are England's competitors? What does England do well compared to competitors? How could English destinations improve their offer?

The focus of areas of improvement should be where the DEF can have impact, notably tourism product, rather than other areas where England may be considered weak compared to competitors but where tourist boards can make little impact e.g. visas, weather

3. Aspects of England's offering

- How do different areas of England perform in terms of meeting international need? What are the strengths / weaknesses of individual areas? How do these compare to competitors?
- Which areas offer greater potential for inclusion in itineraries? What are the barriers to inclusion?
 - o What types of product improvement are required? What further information do they require to include product in their itineraries / content?

We would like to explore this in further detail by product and / or destination type. Rather than including specific destinations, we think it makes sense to group these by theme e.g. cities, heritage, culture,

countryside, food and drink, transport etc. but would be open to suggestions on how to approach this. A guide to the opportunities for growth was provided for those applying to the DEF, which may help to guide areas of focus https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/discover_england_fund_years_23_hi_res.pdf

4. Engagement with the Travel Trade

- What sort of support do you need in order to launch a successful product? E.g. Fam trips, training and support tools, launch events, incentives, promotion etc.

Annex 2 – Methodology of the four operator research

The research involved interviews with key tour operators in each of five markets. The number agreed between TEAM and VE was a minimum of nine operators in each market, apart from the Nordics, where a more limited exercise was undertaken reflecting the relative scale and role of the travel trade in relationship to 'regional England'. In practice, the agreed number was exceeded in most of the markets.

During the initial stages of this project, before and after the Inception Meeting, discussions took place between TEAM, the VB overseas market offices and VE/VB London to agree on the long list of tour operators to be invited to participate, to ensure 'fit' with agreed criteria, i.e.

The tour operators should be selected on the basis that their tour programmes and knowledge are relevant to the types and locations of product developments proposed by DEF applicants; and to ensure balance of groups vs. FIT; and specialist vs. broad scope.

The in-market Interviews was undertaken by the market specialists, in the native language of the relevant country (except for the Nordics). These interviews were in-depth following a specific discussion guide.

Interviews were undertaken face-to-face, where possible; otherwise by phone/ Skype. Notes were prepared on each of the interviews using a standard template.

In addition, interviews were undertaken face-to-face with DMCs and OTAs in UK.

Annex 3 – Summaries of the Market Reports

The USA Market

Structure and Market trends

16% of US travellers used a travel agent in 2015. Travel agents in the US play a key role in helping their consumers select and plan a vacation. Many position themselves as specialists in regions of the world or types of vacations.

The cruise market in the US is enormous. European cruises are an important and growing segment of the market and pose a significant challenge to land-based destinations.

Within the US market demand is for 'off the beaten track' and authentic experiences - "sight-doing not sightseeing". Even in more 'standard' packages, consumers are looking for experiential moments that go beyond the ordinary tourist experience and create a sense of place. Other growth areas include culinary tourism, and 'soft adventure' (which covers a wide spectrum of activities).

US audiences are typically 50+ but there is growth in multi-generational travel, and in travel by Millennials, typically booking FIT packages.

There is a recognition among the US trade of the need to diversify with new experiences and destinations. However, the trade is very consumer driven and not likely to invest in a package or product unless there is proven demand.

England as a destination - Themes and destinations

For the US market the key England themes are English culture and heritage. This includes stately homes, castles, England's rich history and pageantry.

Other themes include countryside and cities but as a way of experiencing English heritage – the interest is villages, market towns, gardens, and heritage cities like York, Bath etc).

There was an interest in further development of the food and drink product - typically to be added to an existing programme or integrated with another theme such as countryside, gardens or heritage.

Film and TV (particularly Harry Potter and Downton Abbey) are strong themes. Golf is a key activity on the sports side.

In terms of destinations, London dominates along with 'traditional' heritage destinations (e.g. Oxford, Windsor, Cotswolds Stratford, York and Bath).

Liverpool and Manchester (for Beatles, football, and base for the Lake District or Wales), and the South West were mentioned as emerging destinations for the US market.

Strengths and weaknesses

Strengths of England are seen as:

- London - by far the most popular and easy to sell and a must for any first-time visitor.
- English history, heritage and traditions
- The common language and values
- Easy access, and transport and connectivity.

However, there were several issues for US operators – for example:

- Accommodation outside London where quality, availability and rates (particularly in terms of consistency) were all cited as issues
- The challenge of planning an entire journey to rural areas of England using public transport. The US market is nervousness about travelling around England.
- A lack of awareness of offer beyond London, making it difficult to sell other destinations
- The proximity of other cities (like Paris) or greater attractiveness of Scotland (allied to time pressures)

Improvements and potential

For the US trade, there is potential for:

- Better packaging and creating more saleable product (i.e. 'true' products that offer a complete package including accommodation and all transport).
- Themes such as packaged gardens, walking tours, film and TV (particularly Downton Abbey) private castle stays, food and drink as an authentic experience, soft adventure.
- New destinations including:
 - the South Coast - due to its proximity to many existing programmes
 - Devon and Cornwall - subject to addressing accommodation related issues
 - Lake District (using Liverpool and / or Manchester as a base)
 - Yorkshire (with a York base) (although Scotland becomes more competitive as this stage).

Structure and Market trends

Travel agents remain a strong sales channel in the German market.

Safety is an issue for the German market. Northern European destinations are seeing some increase in business as a consequence and there is some resurgence of interest in coach holidays to UK.

Personalisation of holidays is another trend within the German market. Tour operators are not trying to compete with OTAs (which offer mass market products) but seeking to provide more specialist products.

Allied to this there is an increase in experiential tourism. While the top English attractions are still in demand, this is now supplemented by soft activities such as taking a walk, ditching the car/ coach for a train journey, or experiences such as a brewery visit with a tasting or other hands on experience.

Among German operators there were mixed views of the impact of Brexit – the devaluation of pound was a positive but there was a negative feedback in terms of customers not wanting to travel to a country where 'they are clearly not welcome'.

England as a destination - Themes and destinations

For the German trade, the main attraction is rural England – not the cities. In terms of operators programming and revenue.

History and heritage are strong themes, and as part of this castles and gardens are popular.

Food and drink are seen as part of the cultural experience (e.g. fish and chips in newspaper) but not a reason to visit England.

In terms of destinations, the most popular area was the South of England, particularly the South West of England. Cornwall is the draw for first time travellers to the UK - Rosamunde Pilcher novels are still popular and regularly on German TV and are a key influencer.

There is limited interest in destination elsewhere in England. The Lake District is a key northern destination but not one for first time visitors. London only plays a minor role in the offer and is of declining importance for the German trade. The overall pattern with respect to destination choice has not changed in the German market.

Strengths and weaknesses

England has a strong image - the Royals, its heritage, culture, countryside and coast, and gardens. Other strengths of England include opportunities for the traveller to immerse themselves in the destination, explore the country and its people. Bed and breakfasts are a very England specific strength and a popular way to experience the people and culture.

Ease of access, stunning scenery, good road infrastructure, and variety of things to do are also strengths.

However, there are several issues for the German market - notably:

- Quality and price – England is seen as expensive and not as good quality as competitor destinations
- Lack of knowledge and poor perceptions of the north of England
- Accommodation especially in the south – seen as expensive (for both hotels and B&Bs) and poor quality. Availability is also poor and a huge barrier for the German trade. Operators are seen as uncooperative with the trade
- Similarly, attractions also often not catering for groups – e.g. a lack of coach parking, or turning groups away
- Poor service standards
- The short season (May onwards).

Improvements and potential

For the German trade, there is a need to address some fundamental elements of the offer – service standards, the accommodation offer and awareness of tour operator requirements.

For the German market, England is all about rural England with consumers wanting to explore the countryside and get to know the English way of life. Germany is a mature market with a particular interest in the south of England.

The French Market

Structure and Market trends

In 2015, 37% of international visits by the French were booked through the trade – tour operators and agencies².

Among the French market, there is a growth in demand for 'safe' destinations, with a shift from North Africa, and a growth in the Nordics. There is also increased demand for 'off the beaten track' and authentic experiences. Personalisation of product is on the rise.

Late bookings are increasing, and a growth market for operators is extended families including three generational groups.

Among French operators there were uncertain views on potential impact of Brexit with some positives (e.g. England would be potentially cheaper, and even exotic) and some negatives (e.g. the PR impacts on England).

² Source: Chiffres Clés du Tourisme, Edition 2016, Direction Générale des Entreprises

England as a destination - Themes and destinations

French operators are offering a range of tours to England. Themes included general touring but also specialist tours like music, gardens, literature, architecture, history, walking holidays and film (e.g. Harry Potter and Downton Abbey).

Popular destinations are London, the South (Kent, Sussex, Hampshire), the South West (particularly Cornwall), the Heart of England (Stratford, Oxford, Cotswolds) and East Anglia (Cambridge, Ely, Lincoln).

London is the dominant destination for the French trade but Cornwall and Cotswolds are growing (on self-drive basis). There is potential to sell more Cornwall but accommodation is an issue.

There is a limited number of tours to the North (e.g. the Lake District, Yorkshire, Hadrian's Wall) but the North is the most difficult to sell due to a lack of awareness.

Strengths and weaknesses

For the French, strengths of England include:

- Its proximity – particularly via Eurostar
- The English countryside (especially its diversity of landscapes) and the well-preserved English villages
- Cultural attractions, especially castles, gardens, museums, stately homes
- Children's attractions and activities – e.g. Harry Potter locations
- Diversity of architecture
- The English language (for operators offering language training and school group visits)
- The French appreciation of the typical, 'so British', lifestyle
- Shared history
- Security.

However, there are several issues:

- Inflexibility in opening hours and difficulty in booking group tickets at some attractions – stately homes, gardens)
- Other than London, there is a lack of awareness of England. This is especially the case in the North
- Perception of high price for food, accommodation and attractions
- Accommodation is also problematic with inferior quality, a lack of family rooms, and difficulties in booking self-catering
- A perception that nothing is new in England (compared to, e.g. Scotland and Ireland).

Improvements and potential

For French operators, potential improvements included:

- Better regional access from French to English regions
- More accommodation in popular destinations (like Cornwall, Kent and Sussex) and more speciality accommodation product – e.g. cottages, mansions and country houses.
- Reasonable priced food for groups
- More ground handlers able to work in French
- A portfolio of unusual activities such as golf, canning and other nature based activities
- Centralised booking for attractions / B&Bs.

Potential growth areas include, culturally themed visits, activity holidays and self-catering cottages. Operators saw – some potential in the North, especially the Peak District, Lake District and Yorkshire Dales, for activity holidays.

The Netherlands Market

Structure and Market trends

The Dutch trade felt that, to some extent, the role of tour operators and travel agencies was declining but also becoming more specialist. The emphasis is on creating added value and original travel products.

For Dutch visitors to the UK, usage of a tour operator (and travel agency) is typically driven by their age and the product required – i.e. active seniors booking a (group) round tour, and families with elderly children.

England as a destination - Themes and destinations

For the Dutch (both groups and individuals), Great Britain is a round tour destination with a balanced mix of nature, culture and what makes England very English. Even families booking a family holiday with a holiday park accommodation will often combine this with a short round tour.

London for the Dutch is a stand-alone destination. It does not necessarily form part of a round tour package.

For the Dutch market, the UK offer remains generally unchanged year-in, year-out. The emphasis is very much on Scotland. In England, the more traditional, mainstream locations and itineraries i.e. the South coast of England, Kent, Devon, Cornwall remain the most popular.

Operators have tried out destinations in Central and Northern England, including Liverpool, Hull, Manchester, but they did not sell well and they were discontinued.

Strengths and weaknesses

The Dutch trade highlighted several weaknesses with the English offer. Accommodation was an issue in several ways – capacity allocations not available (or too small/ with no continuity), pricing, and inferior quality. Catering, while better than in the past, was not seen as good. There was also a feeling hotels did not understand the requirements of the travel trade.

Other weaknesses were:

- A lack of awareness of certain English regions (particularly the Midlands and the North) among Dutch markets
- The diversity of England, compared to Scotland, which makes it difficult to brand.
- Lack of consistent cheap flights to regional destinations (e.g. Liverpool or Manchester)
- Lack of capacity on ferries at certain times.
- Fragmentation and lack of coordination and cooperation makes product development and contracting cumbersome.

Improvements and potential

Potential improvement required by the Dutch market were improved quality of accommodation, more cohesion in regional products that are offered, and more proactive work in product development (i.e. not just providing information but also providing genuine packages).

The Nordic Market

Structure and Market trends

In the Nordics, tour operators and retail travel agents are focused on the 50+ market – 'cultural discoverers'. The focus has traditionally been on London, Windsor, Oxford, Cambridge, Stonehenge, Bath, etc.

City breaks are a growing product but generally booked independently.

There is general growth in visits from the Nordic region due to several factors including the weak pound (and Brexit is seen as a short-term opportunity in this regard), regional air access and interest in city breaks. For this market, food and drink are an increased motivator in destination choice and there is also an increasing interest in 'soft adventure' and activities – i.e. experiential holidays.

The UK is perceived as a safe destination.

England as a destination - Themes and destinations

Among the Nordic market, themes for England are broad and varied. They include heritage and culture (including gardens), and TV locations (particularly Midsomer Murders, and

Downton Abbey) but also the outdoors, canal boating, football (especially Liverpool and Manchester United), music, and food.

In terms of destinations London is the key one, perhaps with an associated South East England package. Other destinations (but not nearly as popular) include Manchester and Liverpool (driven by music and football).

Other areas (North and Midlands) are more difficult to sell.

For the Nordic market, England is packaged with London. Tours to the rest of England are often packaged with Scotland and Wales.

Strengths and weaknesses

Strengths of England include London, the language, ease of getting around, cultural similarities (Nordic markets feel at home), football, and lots to do.

However, there were several weaknesses cited:

- England is perceived as familiar and not an adventurous destination
- It is expensive and accommodation, in particular, is not seen as good value for money. The Nordics compare England to Ireland where they perceive that value for money is better.
- Awareness is a big barrier and London is a major pull (to the detriment of everywhere else) for the Nordic market.

Improvements and potential

The Nordic market requires improvements to the quality and value of accommodation at all levels. Other potential improvements include clearer information and packaging around public transport (some consumers find the differences in services confusing) and easier access to rural towns and villages to encourage Nordic visitors to leave the city.

Themes with development potential for the Nordic market include culinary experiences, TV/film locations, walking, and gardens.

Destinations beyond London with some potential for the Nordic market include Lake District, Yorkshire and North East, South West and Cornwall

Online Travel Agents (OTAs)

Structure and Market trends

The online travel agency world has consolidated substantially over the last 10 years. They are significant players – e.g. OTAs now account for half of all U.S. hotel bookings online, and the number of major chain hotel bookings through OTAs continues to grow, despite a recent push by the major hotel groups for direct bookings.

'Making travel easier' is an aim of the OTAs, and consolidating and aggregating the tours and attractions market is the latest trend. They are effectively looking to provide more travel experiences that can be monetised.

Other trends include:

- Natural language is taking over from transactional bookings – Chatbox, Google Home and Alexa are increasingly popular as booking mechanisms.
- Increased personification and use of Artificial Intelligence which is, amongst other things, improving online translation tools
- Increased bookings on mobiles specifically including the use of apps to make bookings post arrival for add-ons.

England as a destination - Themes and destinations

London dominates the UK market, followed by Scotland. However, OTAs feature hundreds of thousands of UK product (hotels, self-catering, attractions but not, typically B&Bs), and offer targeted advertising opportunities and ticket sale opportunities for operators.

Other destinations that generate interest and bookings include the Lake District, Oxford, Liverpool and Manchester and the 'Heritage Cities'.

Strengths and weaknesses

Outside of London, the main strengths of England were seen as countryside, city breaks (often featuring football) and heritage and history – particularly for the US market.

Places with market recognition will be part of first iteration of selling a package, but these can be expanded. Liverpool is a very good example, combining Beatles with the City's heritage as well as Football etc.

However, there were several challenges – for example:

- There is some reluctance from DMOs and chain hotels to share commission with an OTA – and limited understanding of how OTAs operate
- There is a lack of understanding of selling online amongst attractions – and some are not able to work on short lead in times (2 or 3 days)
- Rail has been a massive challenge because of the variety of providers.
- The welcome in England with a lack of good face-to-face welcome at London airports and a general lack of a sense of welcome in London. Outside of London, the friendliness is seen as a strength.

Improvements and potential

Potential improvements included increasing the amount of product that is bookable online, and creating better linkages between destinations to create critical mass – for example a five-day tour to include Stratford-on-Avon, Wales, the Lake District, York, Cambridge. This would have strong appeal.

The OTAs were keen to sell flights to regional airports (Manchester, Liverpool, Leeds/Bradford, Bristol) with competitive prices and short transfer times – but there is a need to increase audience understanding of the product and travelling times. These airports typically have fewer flights and smaller aircraft which makes selling them more problematic.

A lack of awareness and of bookable trips, and short length of trips to UK (often only 3 or 4 nights in the UK) are key barriers to developing potential beyond London. Having a wide range of coach trips from London is necessary as many people will prefer to stay in London and take day trips – or 4 or 5-day trips, but returning to London. Products such as *i* Visitor and London Pass provide flexible products for visiting attractions, and these can also be sold online which increase visitor engagement and can encourage further exploration.