

Impact of exchange rate on tourism to Britain

Foresight – issue 147

VisitBritain Research



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Introduction

The following report is based on two questions that were asked to respondents in the GFK-Anholt Nation Brands Index in July 2016. These questions were sponsored by VisitBritain and do not form part of the regular Nation Brands Index.

The two questions are as follows:

“How well would you say you know the current exchange rate of the British pound (£) to your own currency?”

“Does the current exchange rate make you any more/less likely to visit Britain?”

These questions are particularly pertinent, as they were asked several weeks after the EU-referendum result in the UK, and therefore the value of GBP was more affordable for most countries.

The survey was conducted online amongst respondents from Argentina, Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Mexico, Poland, Russia, South Africa, South Korea, Sweden, Turkey and USA.

Respondents are representative of the online population in each market.



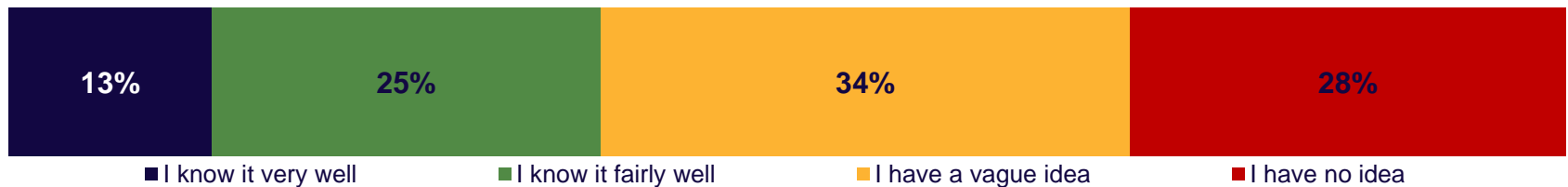
Knowledge of GBP exchange rate

Knowledge of UK exchange rate

Following the result of the EU-referendum in late June, the value of UK currency fell against most currencies around the world. The fall in value of GBP meant that in most cases the UK became a more affordable destination to visit compared to several months earlier. The table on the right shows the value of GBP versus different currencies in July, the month directly following the EU-referendum, compared to July the year before. For most markets, spending in UK currency is more affordable following the referendum. Overall, 72% have some awareness of the exchange rate, with 38% having a high or good knowledge.

Currency	GBP value change July 2016 v July 2015
Japanese Yen	-29%
Australian Dollar	-17%
US Dollar	-16%
Euro	-16%
S. Korean Won	-16%
Brazilian Real	-14%
Indian Rupee	-11%
Chinese Yuan	-9%
Turkish Lira	-7%
Russian Ruble	-5%
S. African Rand	-2%
Mexican Peso	-1%

How well would you say you know the current exchange rate of the British pound to your own currency?

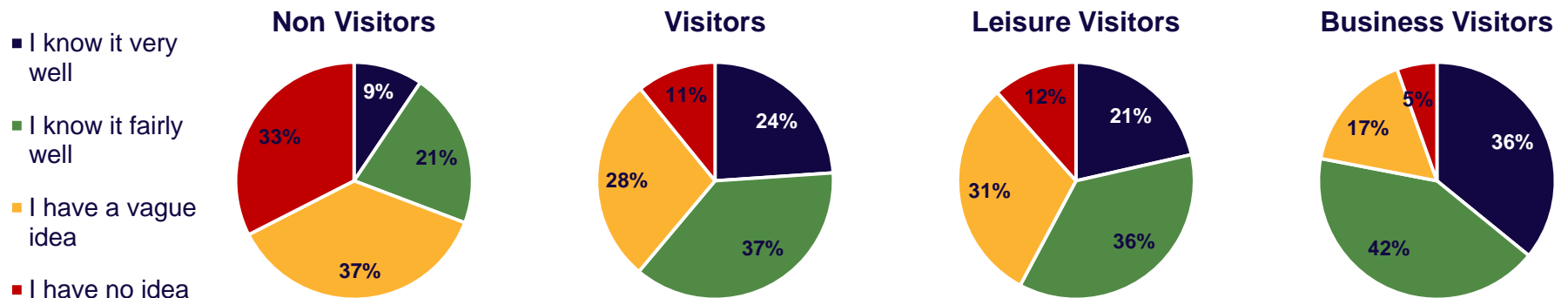


Knowledge of UK exchange rate

Visitor types

Those who have visited the UK are more likely to be aware of the exchange rate of GBP to their own currency, than those who have not visited. 89% of previous visitors have some level of knowledge, whilst 67% of non-visitors have some knowledge.

A quarter of those who have visited the UK, have a strong knowledge of the exchange rate, and this rises even higher amongst those who have travelled to the UK for business. Amongst UK business travellers, 36% have a strong knowledge, and a further 42% have a good knowledge of the exchange rate. A fifth (21%) of UK leisure visitors have a strong knowledge of the exchange rate, and a further 36% have a good knowledge.

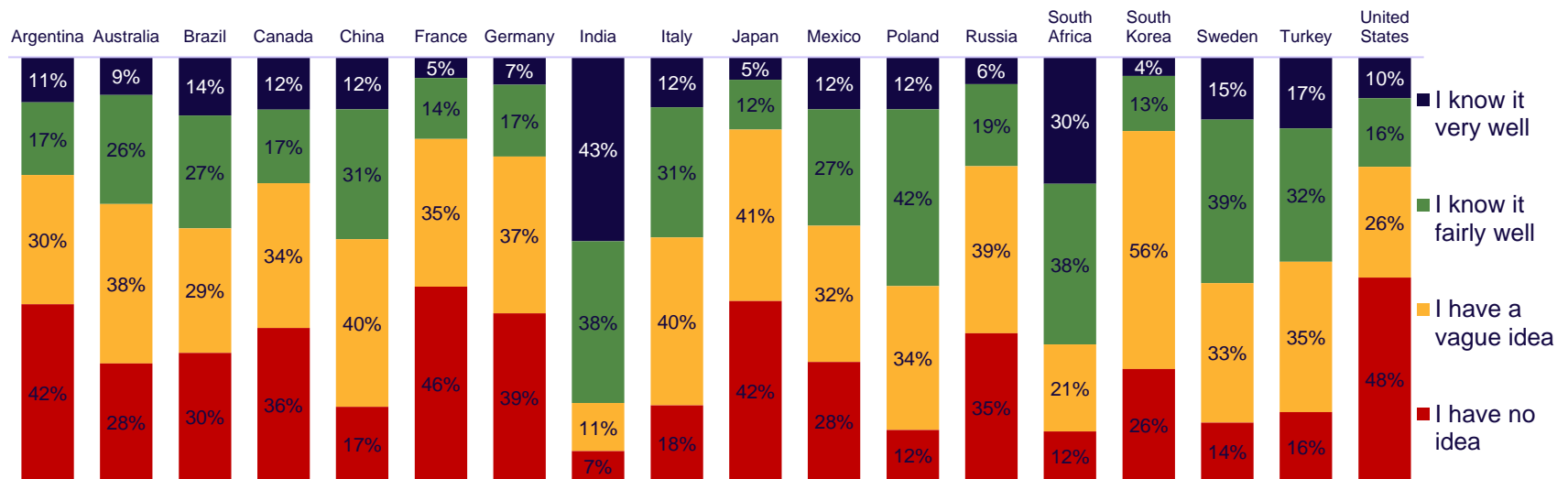


Knowledge of UK exchange rate

Markets (1)

Level of knowledge of the GBP exchange rate varies widely by market. Countries where there is a good knowledge of the exchange rate include India, South Africa, followed by Poland, Sweden, and China (taking into account both high and good knowledge).

Almost half of USA travellers have no knowledge, which is likely to be due to a lower incidence of international travellers in the population. France and Germany also have low knowledge compared to other EU nations, whilst Italy has a good knowledge.

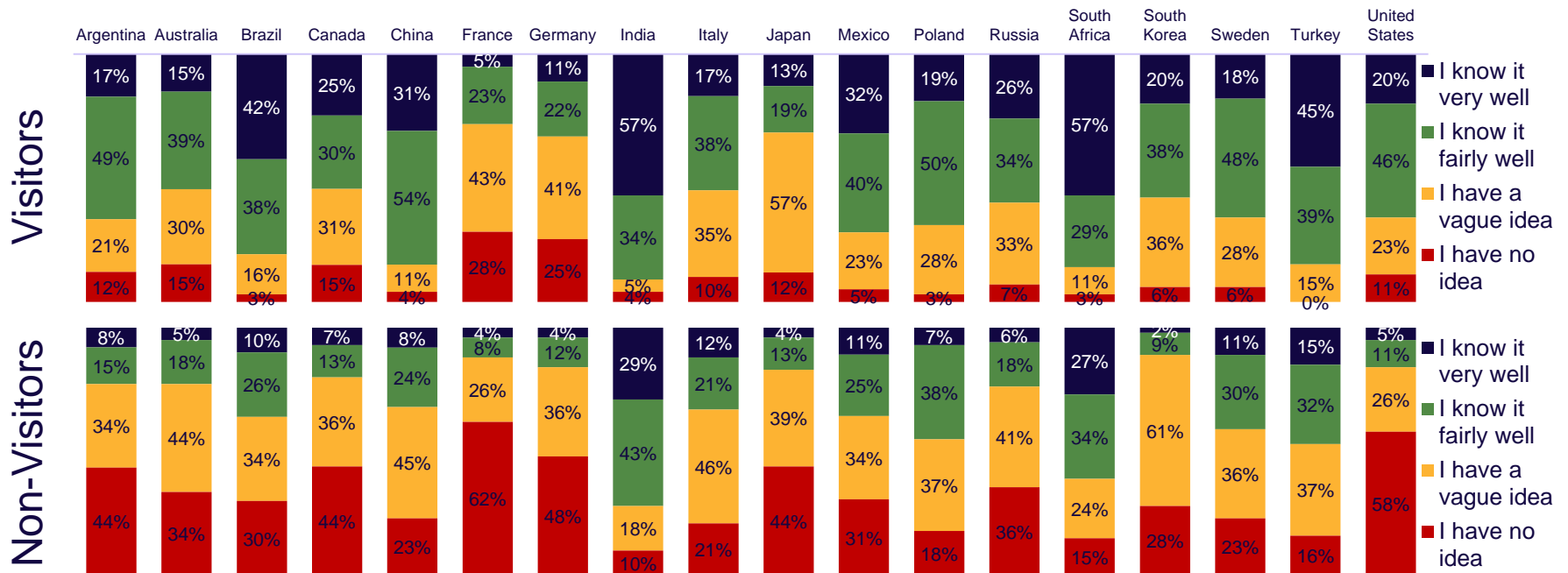


Knowledge of UK exchange rate

Markets (2)

Level of knowledge of the GBP exchange rate also varies by market amongst visitors to the UK, and amongst non-visitors. In all markets, those who have previously visited the UK (for business or leisure) have a higher knowledge of the GBP exchange rate.

Knowledge is strong amongst visitors from India and South Africa and increases significantly for visitors from China, compared to non-visitors.





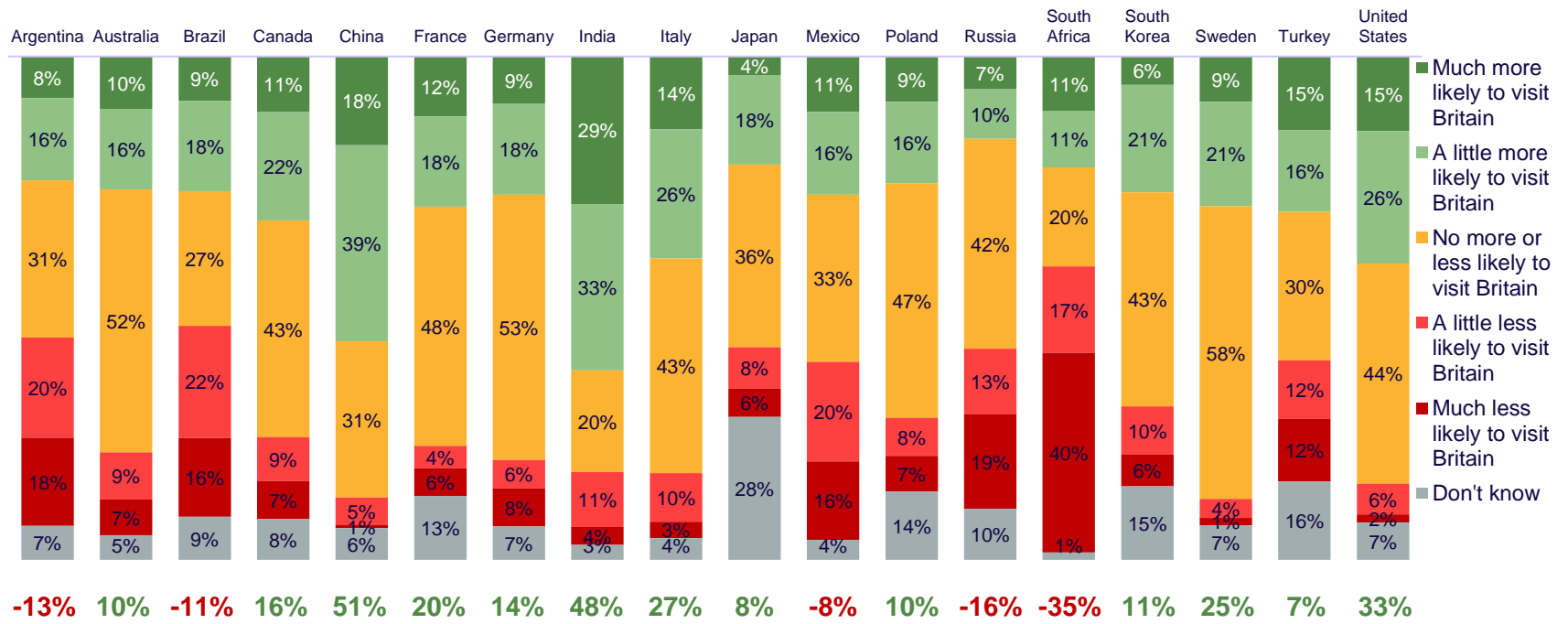
Impact of exchange rate on likelihood to travel

Impact of exchange rate on likelihood to travel

Markets

Knowledge of the GBP exchange rate doesn't necessarily translate to an increased likelihood to travel, as for some markets their own currency exchange rates are volatile, or they are experiencing economic difficulties – Russia, South Africa, Mexico and Brazil are examples of this. However, the favourable exchange rate has had a positive impact on intent to travel to Britain amongst those from India, China, USA and Canada in particular.

A high proportion in Japan are unsure (28%), and over half in the following markets say that it makes no difference to their likelihood to visit – Australia, Germany, and Sweden. Europe is a more mixed picture, but overall positive with Italy the most positive, followed by Sweden, then France and Germany.



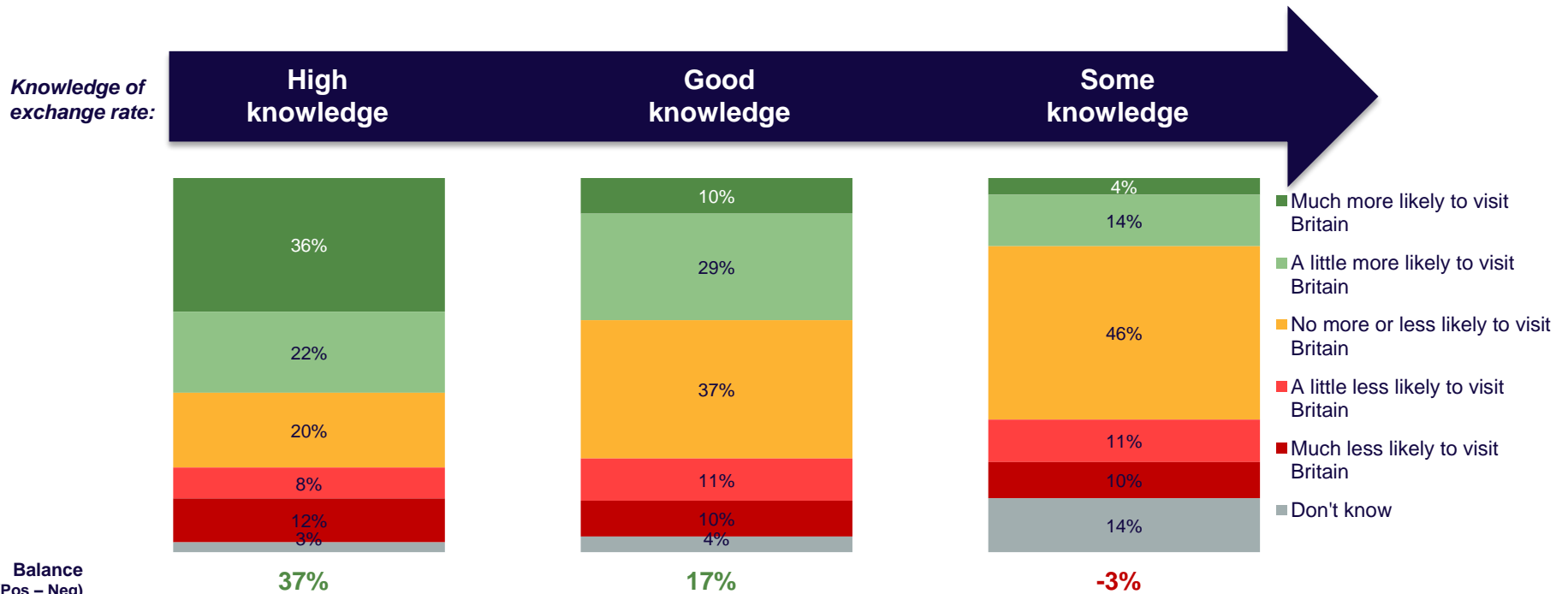
Source: GFK-ANHOLT/VISITBRITAIN. Q68b. Does the current exchange rate make you any more/less likely to visit Britain?
 Base: Each market=551-899

Impact of exchange rate on likelihood to travel

By knowledge of exchange rate

Level of knowledge of the exchange rate has a direct impact on likelihood to visit Britain.

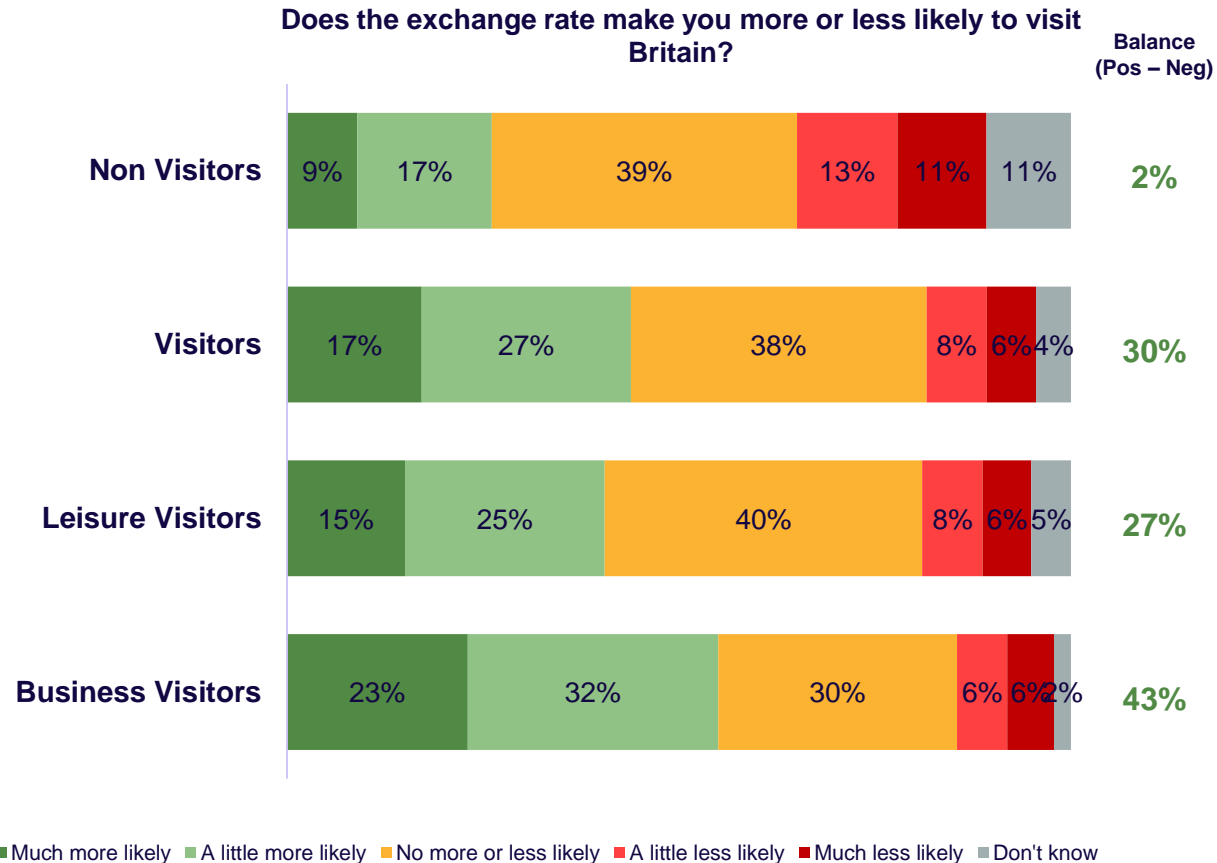
Those who have a high or good knowledge of the conversion of their currency to GBP are, on balance, more likely to visit Britain. Those who have some knowledge are less likely to visit, versus those with high or good knowledge of the value of GBP v their own currency.



Impact of exchange rate on likelihood to travel

Visitor types

The favourable exchange rate is more likely to have had a positive impact on previous UK visitors, where 44% say they are more likely to visit as a result. This is even higher amongst UK business visitors, where 55% would be more likely to visit as a result. 40% of leisure visitors say they would be more likely to visit.



Key points

- Post-EU referendum, for many markets the UK is now a more affordable destination.
- A high proportion (72%) of those asked have some knowledge of the GBP exchange rate versus their own currency:
 - 13% have a high knowledge of the GBP exchange rate, and 25% have a good knowledge.
 - Amongst previous UK visitors, 24% have a high knowledge of the exchange rate, and this rises to 36% of UK business travellers.
- Knowledge of the GBP exchange rate varies widely by market. There is a good knowledge of the exchange rate amongst those in India, South Africa, and China.
- France and Germany have low knowledge compared to other EU nations, whilst Poland, Sweden and Italy show good knowledge.
- Almost half of USA travellers have no knowledge, which is likely to be due to a lower incidence of international travellers in the population, as amongst visitors to the UK 89% have at least some knowledge.
- Knowledge of the GBP exchange rate does not translate to an increased likelihood to travel for all markets. However, the favourable exchange rate has had the most positive impact on intent to travel to Britain amongst those from India, China and USA in particular. Higher likelihood to travel is concentrated amongst those who have visited Britain before and those who are well informed about the exchange rate.



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