



INTERNATIONAL
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The U.K. Travel Market

Update to the Visit USA Committee –United Kingdom

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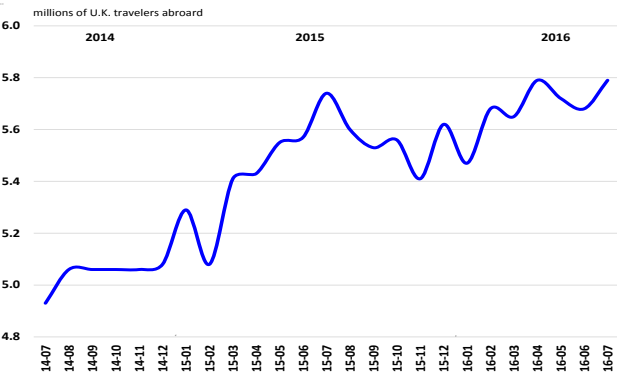


Top Arrivals and Visitor Spending Markets

	2015			2015	
	Arrivals	15/14		Spending	15/14
	(millions)			(billions)	
Canada	20.70	-10.0%	China	\$30.11	14.7%
Mexico	18.41	7.9%	Canada	\$22.63	-13.1%
United Kingdom	4.90	18.1%	Mexico	\$19.68	4.3%
Japan	3.76	3.8%	Japan	\$16.88	0.6%
China	2.59	18.3%	Brazil	\$14.61	1.5%
Germany	2.27	10.5%	United Kingdom	\$16.13	11.9%
Brazil	2.22	-2.0%	India	\$11.81	17.6%
South Korea	1.76	20.9%	South Korea	\$ 8.13	9.7%
France	1.75	5.7%	Germany	\$ 8.87	7.8%
Australia	1.45	11.2%	France	\$ 6.46	5.5%

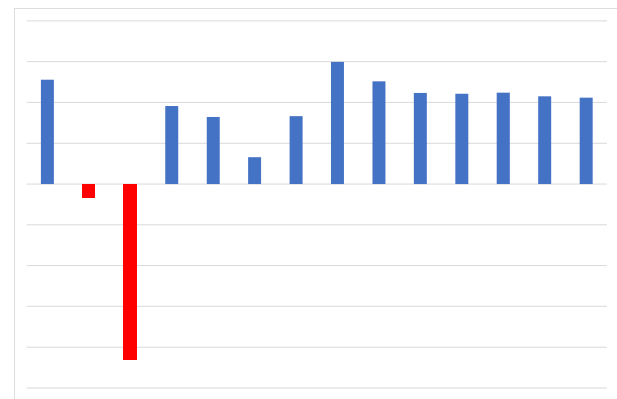


Your Side of the Pond...



U.K. outbound volume

- Strong growth trend from July 2014 through July 2016 (seasonally adjusted data).
- Volume up 6% YTD; up 7% 12-month moving average in July 2016. Strong growth to USA in 2014 and 2015.



U.K. economics

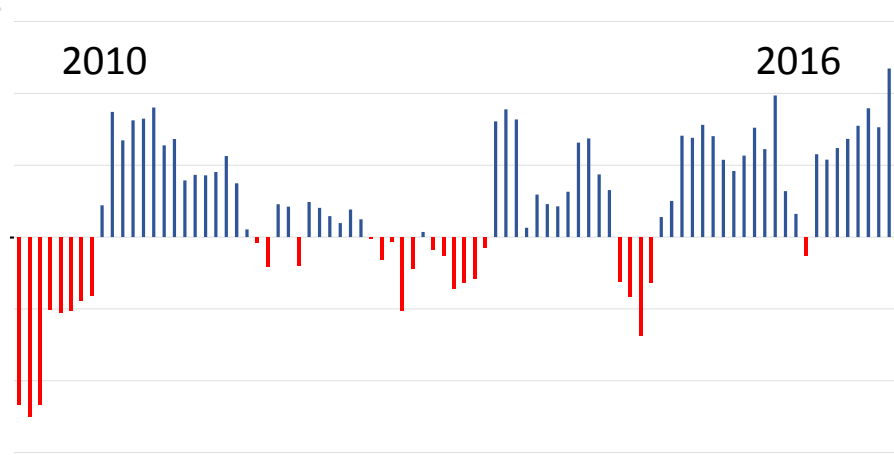
- GDP on upward trend of year-over-year quarterly changes...2.3% in 2016 Q3. But...
- ...growth expected to soften over next quarters and remain below 2%.



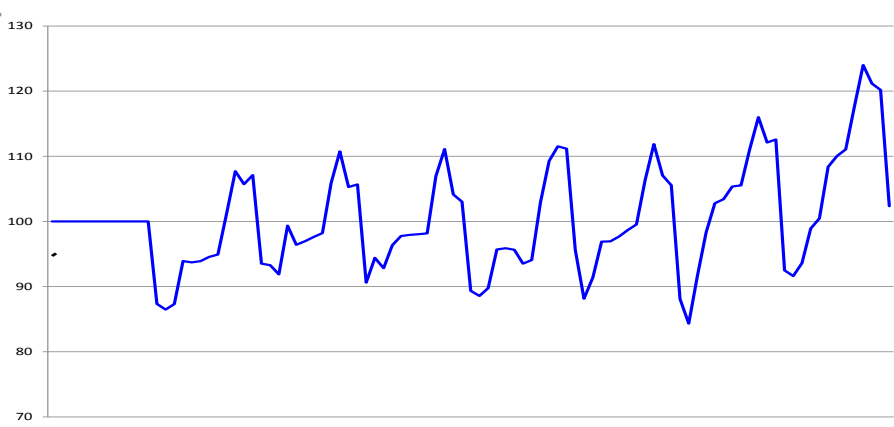
Air Seat Capacity from the U.K.

from all U.K. PODs to any U.S. POE.

Includes all air travelers regardless of country of residence



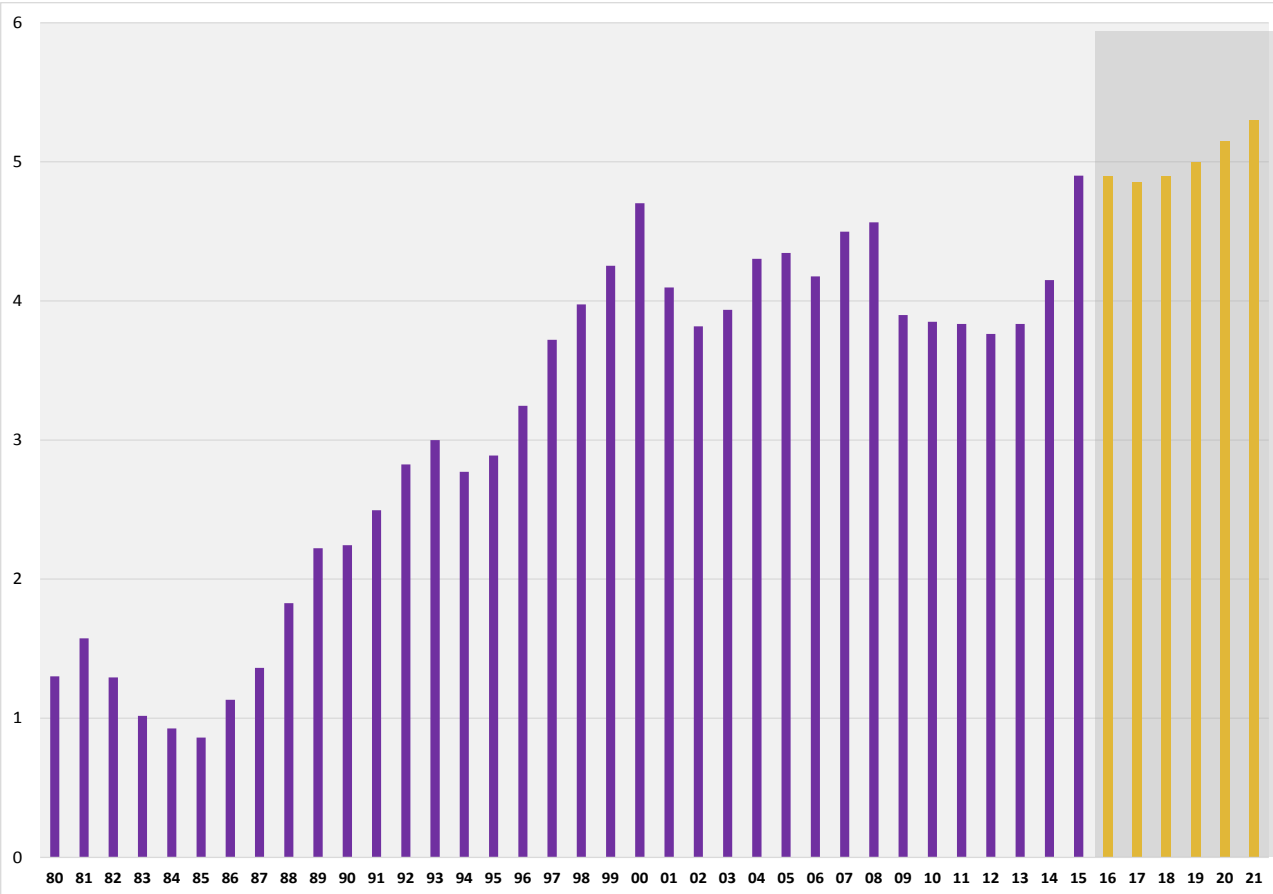
- Monthly % change in seats since beginning of 2010 (month vs same previous year)
 - Steep declines well after recession.
 - 2016 strong growth except for late spring.



- Same data indexed to 2009=100 (month vs same month previous year)
 - Seasonality of seats is obvious
 - Black trend line would be much flatter if not for 2016 growth.



Our Side of the Pond...



U.K. inbound volume to USA

- 4.9M in 2015 a new record surpassing 2000.
- NTTO 2016 Fall Travel Forecast expects flat volume in 2016 and 2017, and small annual growth beginning in 2018.
- China to become #1 overseas market by end of 2021.



Additional Insights on the U.K. Market

- From the *Marketing Outlook Forum* annual conference two weeks ago;
- U.K. may grow in volume, but not \$\$\$ proportionally
 - Package travel likely to increase, at least as a proportion of travel parties
 - Shifting in destinations, number of hotel stars, stay length, bringing children
- Market characterized somewhere between...
 - ...[maintain presence](#)—find niches and pockets of opportunity
 - ...[push.push.push](#)—take advantage of marketing slack from other countries and competition.



Key Travel Characteristics of U.K. Visitors (2015 and trending)

- Main Trip Purpose
 - **Vacation/Holiday** 66% ties 2014 as the highest proportion over 1997-2015.
 - 2015 volume of 3.2M is a record level.
 - **VFR** 17% isn't the low or high and no clear trending pattern
 - Volume of 907K is a record level.
 - **Business** 9.1% is the lowest proportion over 1997-2015.
 - 2015 volume of 534K is less than half of record level of 2007 when business was 22%.
 - **Convention/Conference** volume of 294K is a record level.



Key Travel Characteristics of U.K. Visitors

(2015 and trending)

- **Info sources**—airlines directly (53%), OTA (35%), travel agency ofc (17%).
- **Advance trip decision**—median up to 100 days, but mean is 146 days in advance and continues to rise due to higher share of those planning 6+ months out. Same trend for airline booking.
- **Package**—17%. No clear trend but lowest % in years. Ranges from 15%-25%. Advance package purchase increasing. Median is 5 months out.
- **Party size**—1.8 persons, up a bit due to children %. % with children back up to 12%.
- **Accommodations**— 80% use hotel/motel. Stable trend.
- **Nights in USA**—mean 14 / median 10. Stable trend.



Key Travel Characteristics of U.K. Visitors (2015 and trending)

- Cities visited

- 27.5% NYC close to the high of 29.1 (2008, 2013)
- 21.0% Orlando trending down for a decade, but up in 2015 (are you connecting the dots (children; ADP))
- 10.7% Las Vegas stable for several years (down from 2010 high of 12.3%)
- 8.3% Los Angeles up from low point of 6.7% in 2007
- 8.3% San Francisco one of lowest levels since 1997 (peak of 10.3% in 1998, 2006)
- 5.9% Miami 2013 share was a low 3.1% (2014 % highest since 2005 6.6% peak)
- 4.4% Boston no clear trending (down from 1997 peak of 7.4%)
- 3.9% Chicago reversed the downward trend (5.3% peak in 2008)
- 2.3% Houston down from 2013 peak share of 3.2%
- 2.5% Tampa/St Pet. stable past several years (down from late 90s)
- # Destinations visited—75% one state only. Multi-year upward trend suspended.



Key Points

- New volume record in 2015; more to come...in a few years;
- Growth had been driven by the leisure segment, but more balanced growth in 2015;
- China to surpass U.K. as #1 overseas market by end of 2021;
- Use of package travel down, but advance planning for purchase continues to go up. Consistent with trip planning overall;
- (slightly) larger parties, more children;
- BUSA mandated to spread benefits across U.S.;
- Single-state visitation is stable;
- U.S. government committed to a quality visitor experience.

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