Looking Back on 2007

Looking back 2007 will probably be noted as being something of a watershed for UK tourism. On the back of three years of strong growth, the year started with tourism growing at a rate of almost 10%. This continued until June 2007 before a series of factors intervened to reverse this growth to the stage where it is estimated that there will be an overall decrease in inbound tourism of around 2-3% for the year as a whole.

While natural events such as the major floods in July and the very poor weather throughout the rest of the summer period played their part, the main impacts on the tourism industry in the latter half of 2007 were financial.

First, on 18th April 2007, the US dollar dropped in value against the pound, taking it through the psychologically important barrier of being worth less than 50p. This put considerable pressure on forward bookings from the American market over the summer and autumn periods. Then the credit crunch caused by the collapse of the sub-prime market started to impact on global liquidity, causing the property market to grind to a halt and consumer expenditure to fall as people's feeling of wealth and prosperity reduced.

Finally, to top things off, on 24th October 2007, the Government announced that it was cutting VisitBritain's marketing expenditure by 18% in the three years leading-up to the 2012 Olympics. This has considerably reduced the prospects of a rapid recovery in 2008.