TourismAlliance
the voice of tourism

UK TOURISM STATISTICS 2015

Tourism: Proven Potential to Generate More Exports, Jobs and GVA

The evidence set out in this report underlines the tourism industry's substantial contribution to UK economic prosperity, jobs and growth. Given the right policy framework, our industry has the proven potential to generate further exports, more jobs and greater GVA for every region of the UK.

As outlined in the Tourism Alliance's 2014 statistics publication, the tourism industry has been at the forefront of the UK's economic recovery since 2010. According to Office for National Statistics (ONS) research, the tourism industry provided a third of all new jobs created in the UK between 2010 and 2013. These findings were recently verified by two subsequent ONS studies underlining the pivotal contribution of the UK tourism industry to economic recovery and growth.

The first study shows that the tourism industry's cumulative rate of growth in employment was 5.4% – almost double that of other industries at 2.8% – with the performance of the accommodation sector being particularly impressive at 7.1%.

The second ONS study shows that tourism industry's direct GVA growth between 2008 and 2013 was one of the highest in the UK, increasing by over 13% from £49.5bn in 2009 to £56bn in 2013.

The growth generated by the tourism industry over this period is in stark contrast to many other sectors of the UK economy. For example, the GVA of the financial services sector fell by 12.5%, the construction industry fell by 2.6% and manufacturing fell by 2.3%.

However, inbound and domestic tourism performances for 2014 indicate that we may be at a turning point in the industry's ability to provide further growth and remind us that we would be unwise to rest on our laurels. In 17 of the UK's top 20 source markets, the UK's share of outbound tourism has decreased while the gains to domestic tourism made from the "staycation" effect are being eroded as the UK economy recovers and the pound strengthens. The global tourism industry is highly competitive and governments across the world are actively working with the private sector to grow their share of the international tourism market.

Therefore, there are a range of obstacles that need to be addressed for the UK tourism industry to realise its future growth potential. The industry is currently faced with significant barriers to growth including a lack of aviation capacity and cumbersome visa policies in key growth markets such as China, as well as uncompetitive levels of tourism taxation, in particular VAT and APD. And unfortunately, the cumulative effect of high taxation levels coupled with the recent 13% increase in the value of Sterling has been detrimental for inbound and domestic tourism performance in the UK.

The international tourism market continues to grow and offers the UK an opportunity to generate further exports, jobs and GVA, enriching every region of the country. Therefore, it is imperative that we stop exporting economic prosperity to our competitors in Europe and further afield. It is time for the incoming Government to provide the UK industry with a supportive policy framework, allowing us to compete effectively in key international markets and to grow our domestic market too.

Ufi Ibrahim
Chairman, Tourism Alliance

SECTION 1: Volume and Value of the UK Tourism Industry

1: The Value of Tourism

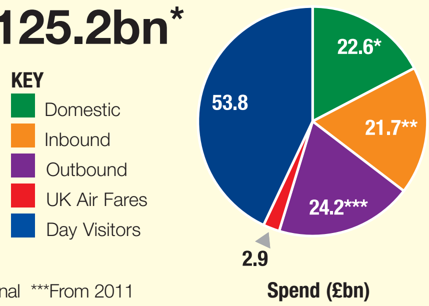
Value of Tourism to the UK Economy

£126.9bn (9.0%) of UK GDP

Tourism: jobs and growth, VisitBritain / Deloitte, 2013

Total Revenue from Tourists

2014: £125.2bn*



*Estimate **Provisional ***From 2011

GVA Growth for Selected UK Industries

	2008-13
Construction	- 2.6%
Government, health and education	+ 15.1%
Manufacturing	- 2.3%
Retail	+ 11.8%
Tourism	+ 13.6%

Estimates of the Economic Importance of Tourism, Office for National Statistics, 2014

The UK Tourism Industry's International Ranking

- **The UK is the eighth largest international tourism destination ranked by visitor numbers.**

  The first seven destinations are France, USA, Spain, China, Italy, Turkey and Germany.

- **The UK is the eighth largest international tourism destination ranked by visitor expenditure.**

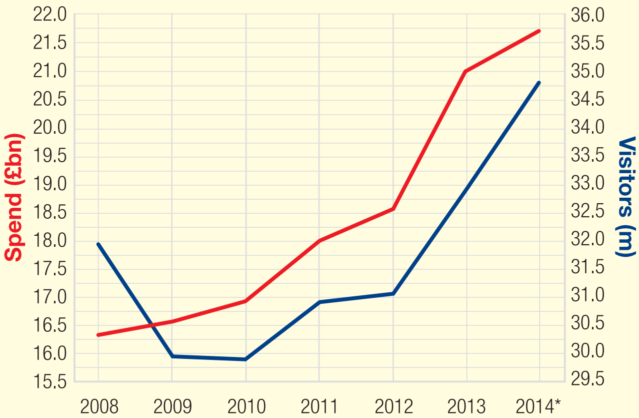
  The first seven destinations are USA, Spain, France, China, Italy, Thailand and Germany.

- **The UK accounts for 3.5% of global international tourism receipts.**

UNWTO Tourism Highlights, 2014 edition

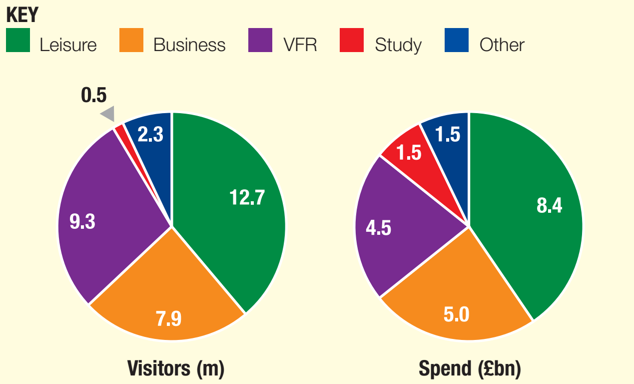
2: Inbound Tourism

Visitor Numbers and Total Spend



International Passenger Survey 2014, Office for National Statistics **Provisional

Visitor Numbers and Total Spend by Sector



International Passenger Survey 2013, Office for National Statistics

Average Spend per Visit

£624

IPS 2014 (provisional)
Office for National Statistics

Average Length of Stay

7.5 nights

IPS 2013
Office for National Statistics

Students

£14 billion

Total spending by international students† on all types of course in the UK, from English language to doctoral degrees, was estimated to be **£14bn**, with the potential to grow to **£25bn** by 2020.

Estimating the Value to the UK of Education Exports, Department for Business, Innovation and Skills, June 2011 †Not all students are classified as tourists

2: Inbound Tourism continued

Top 10 Source Markets

	Spend (£m)
United States of America	2,548
Germany	1,408
France	1,350
Australia	1,194
Spain	905
Italy	830
Irish Republic	818
Netherlands	720
Norway	537
Canada	533

International Passenger Survey 2013, Office for National Statistics

Growing and Declining Markets (2012-13)

Largest Increase in Visits		Largest Decline in Visits	
Kuwait	+ 67%	**Pakistan**	- 14%
Chile	+ 63%	**Serbia**	- 14%
Estonia	+ 52%	**Japan**	- 9%
Malaysia	+ 48%	**Bulgaria**	- 8%
Romania	+ 44%	**Oman**	- 8%

International Passenger Survey, Office for National Statistics

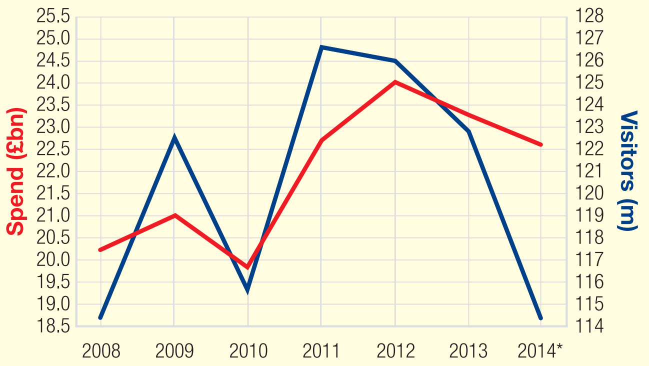
UK's Share of Outbound Visitors from BRIC Markets

	2003	2013	Up/Down
Brazil	2.12%	2.85%	▲
Russia	0.67%	0.52%	▼
India	3.72%	2.25%	▼
China	0.34%	0.20%	▼

Analysis based on IPS and National Tourist Board Statistics

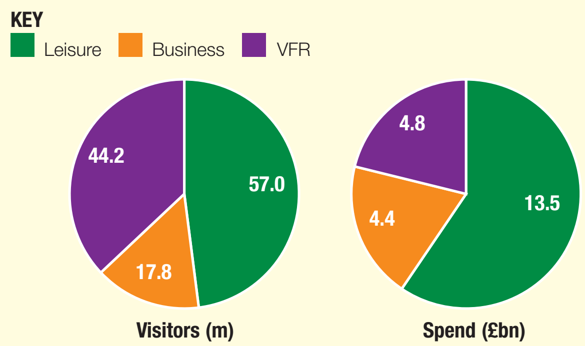
3: Domestic Tourism

Visitor Numbers and Total Spend



GB Tourism Survey 2014, VisitEngland *Estimated

Visitor Numbers and Total Spend by Sector



GB Tourism Survey 2013, VisitEngland

Average Spend per Visit

£198

GBTS 2014 (estimate), VisitEngland

Average Length of Stay

3.1 nights

GBTS 2014 (estimate), VisitEngland

Domestic Tourism by Region

	2012 Trips (m)	2013 Trips (m)	Change	2012 Spend (£m)	2013 Spend (£m)	Change
East of England	9.88	8.96	- 9%	1,674	1,415	- 15%
East Midlands	8.50	7.90	- 7%	1,339	1,103	- 18%
London	12.15	12.31	+ 1%	2,784	2,793	0%
North East	4.31	3.90	- 10%	777	749	- 4%
North West	14.19	13.98	- 1%	2,664	2,458	- 8%
South East	17.92	17.93	0%	2,929	2,648	- 10%
South West	19.74	19.40	- 2%	4,181	4,291	+ 3%
West Midlands	8.50	9.02	+ 6%	1,234	1,318	+ 7%
Yorkshire & the Humber	11.25	10.01	- 11%	1,807	1,792	- 1%
Scotland	12.75	12.12	- 5%	2,891	2,889	0%
Wales	9.60	9.93	+ 3%	1,588	1,696	+ 7%

GB Tourism Survey 2013, VisitEngland

3: Domestic Tourism continued

Activities Undertaken on Domestic Trips

Activity	Trips (m)
Just relaxing	31.27
Sightseeing on foot	25.69
Short walk / stroll – up to 2 miles / 1 hour	22.78
Sightseeing by car	14.74
Long walk, hike or ramble (min of 2 miles / 1 hour)	14.57
Visiting a beach	13.24
Any other single particular activity	11.03
Centre based walking (i.e. around a city / town centre)	10.85
Attending a special event of a personal nature such as a wedding, graduation, christening etc	7.58
Had a picnic or BBQ	6.85

GB Tourism Survey 2013, VisitEngland

4: Outbound Tourism

Outbound Tourism Expenditure

Product / service category	Expenditure (£m)
Accommodation services for visitors	508
Food and beverage serving services	527
Railway passenger transport services	484
Road passenger transport services	631
Water passenger transport services	433
Air passenger transport services	14,557
Transport equipment rental services	0
Travel agencies and reservation services	1,462
Cultural activities	0
Sport and recreation activities	0
Exhibitions and conferences etc	0
Other consumption products	5,628
Total	**24,230**

Tourism Satellite Accounts 2011, Office for National Statistics

5: Day Visitors

Day Visitors

	Visits (m)	Spend (£bn)
All visits	1,585	53.8
Main type of place visited		
Large town / city	43%	52%
Small town	23%	19%
Countryside / village	23%	18%
Seaside / coast	9%	9%

GB Day Visits Survey 2013 and 2014, VisitEngland

6: Events

Value of the UK Events Sector (Direct Spend)

	Spend (£bn)
Conferences and meetings	19.9
Exhibitions and trade fairs	11.0
Incentive travel and performance improvement	1.2
Corporate hospitality and corporate events	1.2
Outdoor events	1.1
Festivals and cultural events	1.1
Music events	1.3
Sporting events	2.3
Total	**39.1**

Events are GREAT Britain, Business Visits & Events Partnership, 2014
businessvisitsandeventspartnership.com

7: Tourism Economics

Price Elasticity of Tourism

- For every **1% increase** in the cost of visiting the UK, the UK's tourism earnings **drop by 1.3%**.

Sensitive Tourists, BTA, 2001

Tourism Export Earnings

- Travel expenditure by non-residents visiting the UK totals £24bn, **accounting for 11.7% of UK service sector exports and 4.7% of total UK exports.**
- **Tourism is the UK's seventh largest export earner**.

Tourism: jobs and growth, VisitBritain / Deloitte, 2013
The Pink Book, HM Treasury, 2014

Tourism Taxation

Air Passenger Duty	**£3.1bn***
VAT (estimate)	**£20.1bn**

APD bulletin 2014, HMRC **Provisional

- World Economic Forum's 2013 study on international competitiveness shows that because of high tourism related taxes, the **UK ranks 138th out of 140 countries in terms of price competitiveness.**

The Travel and Tourism Competitiveness Report, WEF, 2013

Job Creation

- A new **Full Time Equivalent** tourism job is created with every **£54,000** increase in tourism revenue.

Tourism: jobs and growth, VisitBritain / Deloitte, 2013

- Since 2010, **900,000 jobs** have been created. Almost **300,000 were in tourism.**

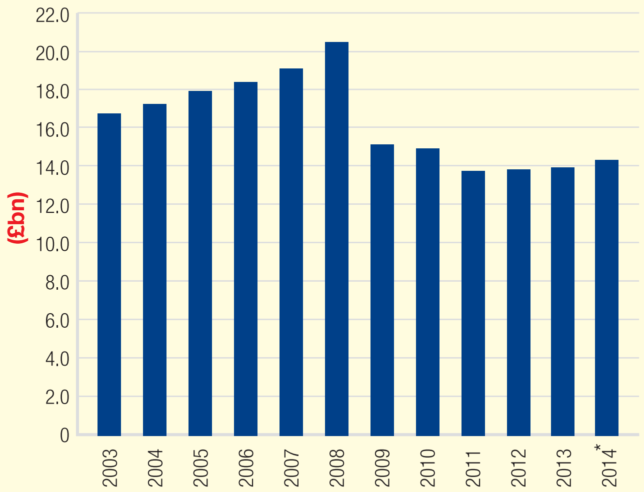
ONS Est. Workforce Jobs, 2014

Total UK Tourism Spend by Sector

Sector	Spend (£bn)
Accommodation services for visitors	14.1
Food and beverage serving services	31.1
Railway passenger transport services	4.2
Road passenger transport services	2.7
Water passenger transport services	1.1
Air passenger transport services	18.6
Transport equipment rental services	0.9
Travel agencies and other reservation services	3.1
Cultural activities	5.9
Sport and recreation activities	3.6
Exhibitions and conferences etc	0.4
Other consumption products	45.1

Tourism Satellite Account – Estimates of the Economic Importance of Tourism 2013, Office for National Statistics

UK Tourism Deficit



International Passenger Survey 2014, Office for National Statistics **Provisional

8: Tourism Employment

- The UK tourism industry employs **3.1m people** (2013).
- The sector is the **UK's third largest employer**, accounting for 9.6% of total employment.
- Tourism employment has seen a 5.4% cumulative growth between 2009 and 2013, **nearly double the rate of other industries (2.8%).**
- There are **262,268 tourism businesses in the UK**.
- Tourism businesses account for **10% of all businesses in the UK.**

Tourism: jobs and growth, VisitBritain / Deloitte, 2013
The Geography of Tourism Employment and Supply Side of Tourism Report, Office for National Statistics, 2012
Employment in Tourism Industries, Office for National Statistics, 2014
Inter Departmental Business Register, Office for National Statistics, 2013

Tourism Businesses by Sector

Accommodation services for visitors	19,660
Food and beverage serving services	147,260
Railway passenger transport services	1,085
Road passenger transport services	9,795
Water passenger transport services	845
Air passenger transport services	915
Transport equipment rental services	4,415
Travel agencies and other reservation services	10,630
Cultural activities	31,485
Sport and recreation services	31,081
Exhibitions and conferences etc	5,097
Total	**262,268**

Inter Departmental Business Register, Office for National Statistics, 2013

- **Almost 70% of tourism and hospitality businesses employ fewer than 10 people.**

  Employer Skills Survey, UK Commission for Employment and Skills, 2013
- The sector is a significant incubator for entrepreneurs – **26,875 businesses started up in the sector in 2013, a 24% rise on 2012 start-ups.**

  Business Demography, Office for National Statistics, 2013
- **Turnover rates in the sector have declined significantly to 20%.**

  Employer Skills Survey, People 1st, 2012
- **32,000 new apprenticeships were created in hospitality during 2013.**

  House of Commons Library, 2015

- The sector is a significant source of employment for those unable to work full-time – **almost 53% work part-time, compared with the UK average of 27%.**
- **The average UK business has 24% of its staff aged under 30. Hospitality and tourism businesses have 45%.**
- **More than 74% of people working in the sector are British.**

  Labour Force Survey, Office for National Statistics, 2013

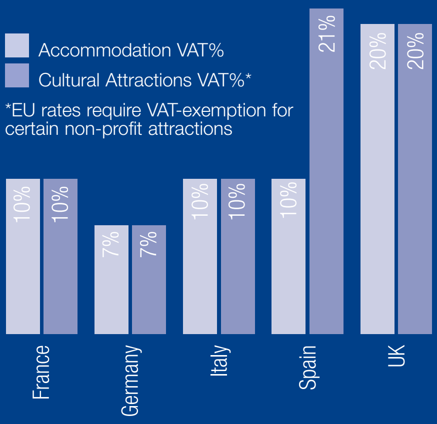
- The average UK business has 9% of its employees from minority groups. **Tourism businesses employ 14%.**
- The average UK business has 23% of its staff with A levels. **Tourism businesses have 25%.**
- The average UK business has 11% of staff in skilled trades. **Tourism businesses have 12%.**

  Employment Characteristics of Tourism Industries
  Office for National Statistics, 2013

SECTION 2: Policy Related Statistics

VAT

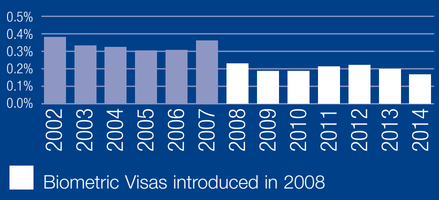
Top Five European Destinations – VAT Rates



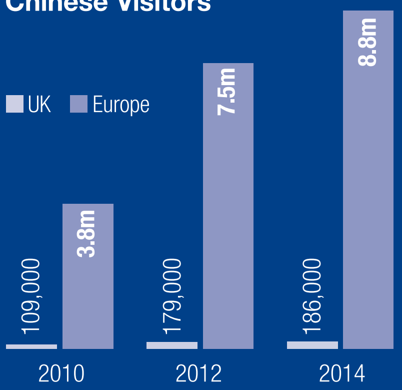
- Of the 28 EU countries, the UK is one of only three that charge the full rate of VAT on tourism accommodation (the others being Denmark, which has no reduced rates of VAT, and Slovakia).
- The average VAT rate for accommodation in the other European countries is 10.3%.
- The UK is one of only 12 EU countries that apply full rate VAT on restaurant meals. The average for the rest of the EU is 15.1%.
- The UK is one of only 13 EU countries that apply full rate VAT on admissions to amusement parks. The average for the rest of the EU is 15.5%.
- The UK is one of only 7 countries that apply full rate VAT on admissions to cultural attractions. The average for the rest of the EU is 12%.
- Modelling using the Treasury's own Computable General Equilibrium Model and research by Deloitte and others shows that reducing VAT to 5% would:
  - Boost GDP by £4bn per annum
  - Create 120,000 jobs within 3 years
  - Deliver £3.9bn to the Treasury over 10 years

Visas

UK Market Share of Chinese Tourists (%)



UK vs Europe – Increase in Chinese Visitors



European Travel Commission and International Passenger Survey, Office for National Statistics

- A UK short stay visa costs £83, compared to around £45 for a Schengen visa, which allows visitors access to 26 countries.
- A family of four from India or China have to pay a total of £616 in APD and visa charges to travel to the UK.
- The UK's market share of Chinese, Indian and Russian outbound tourism has fallen by an average of 35% since the introduction of biometric visas in 2008.
- Visitors from visa-requiring nations account for around 10% of all visitors to the UK (3.2m), they generate around £4.1bn in revenue for the UK (20% of the total) due to their high spend per trip (£1,330 per person vs the average of £624 per person).
- Since the requirement for Taiwanese visitors to obtain a visa to visit the UK was removed in April 2009, visitor numbers have grown by 32% and revenue has increased by 48% to £43m.
- Since the requirement for South African visitors to obtain a visa to visit the UK was introduced in April 2009, visitor numbers have declined by 17% and revenue has increased by just 0.9% (£2m).
- The UK's share of the outbound Chinese market has halved in the seven years since biometric visas were introduced.

Air Passenger Duty

- A family of four from China or India departing the UK in economy class currently pays £284 in APD.
- The Government collects £3.1bn per annum from passengers through APD. Revenues are expected to increase still further, to £3.8bn in 2017-18.
- Research carried out in 2013 by PwC on the impact of abolishing APD showed that this would:
  - Boost UK GDP by 0.46% in year one
  - Create almost 60,000 extra jobs in the UK
  - Generate an additional £500m (net benefit) in the first year through increased revenue from other taxation

The Economic Impact of Air Passenger Duty, PwC, 2013

The Tourism Alliance is the voice of the tourism industry, comprising 55 tourism industry organisations that together represent some 200,000 businesses of all sizes throughout the UK.

The purpose of the Tourism Alliance is to identify and develop policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism, to maximise its contribution to the economy.

Members

ABTA – The Travel Association
Airport Operators Association
ALMR
ALVA
ANTOR
Association for Tourism in Higher Education
BACTA
BALPPA
Bed & Breakfast Association
British Beer & Pub Association
British Destinations
British Educational Travel Association
British Holiday & Home Parks Association
British Hospitality Association
British Marine Federation
Business in Licensing
Business Visits & Events Partnership
Churches Visitor and Tourism Association
Confederation of Passenger Transport
Country Land and Business Association
Cumbria Tourism
EASCO
English UK
European Tour Operators Association
Experience Nottinghamshire
Family Holiday Association
Farm Stay UK
Group Travel Business Forum
Heritage Railway Association
Historic Houses Association
Historic Royal Palaces
Holiday Centres Association
Institute of Tourist Guiding
Liverpool City Region LEP
Marketing Manchester
National Caravan Council
National Trust
New Forest Destination Partnership
Outdoor Industries Association
Premier Cottages
Resort Development Organisation
South West Tourism Alliance
The Camping and Caravanning Club
The Caravan Club
The Tourism Alliance Brighton & Hove
The Tourism Society
Tourism For All
Tourism South East
UKinbound
Visit Cornwall
Visit Kent
Visitor Attractions Group
VisitWiltshire
Welcome to Yorkshire
Wyndham Worldwide

Observers

Local Government Association
VisitBritain
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