

Working Paper 53
Tourism in London
By **Simon Kyte**



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Introduction

This paper seeks to present an overview of the tourism economy in the capital and to draw attention to some of the emergent trends evident in data from recent years.

Chapter 1 examines who visits London and for what reason. It finds that:

- Tourism in London supports 226,000 jobs or around 5 per cent of all employment in the capital;
- Tourism in London accounts for £6.6 billion 'tourism direct GVA' of £34.3 billion nationally;
- London is one of the most visited cities in the world with nearly 15 million international visitors annually;
- At the end of 2011 there were some 96,000 hotel rooms available in the capital.

Chapter 2 puts the existing data and evident trends in the context of likely patterns of global economic growth between now and 2050 including an examination of the income elasticity of London's main inbound tourism markets. It finds that:

- Traditionally, the US has accounted for the largest single share of international visitors (and it still does) but the proportion is in decline;
- The Eurozone countries account for 49 per cent of visitors but only 33 per cent of expenditure;
- London's future markets are likely to be more focused upon the emerging economies but, at present, actual visitor numbers from these countries remain relatively small;
- International tourism is deemed to be a luxury good with income elasticities of demand exceeding 1 (implying that the percentage increase in demand is greater than the percentage increase in income.)

Chapter 3 draws attention to the important distinction between those visiting on holiday, those on business and those staying with friends or relatives. In each case the countries with the highest spends per visitor are non-traditional markets from the Middle East (Saudi Arabia, United Arab Emirates (UAE)), from Asia (Pakistan), from Africa (Nigeria, Egypt) and from Eastern Europe (Russia, Poland).

- In total, business tourism accounts for under 19 per cent of visitors but nearly 26 per cent of spend;
- The largest share of both visitors and spend in 2010 was from holiday visitors;
- The US remains the largest single market in terms of percentage share of spend in all three categories: business tourism, holiday tourism and visiting friends and relatives (VFR).

Chapter 4 examines the mode of arrival for international visitors.

- Seventy two per cent of all arrivals to the UK in 2010 were by air;
- Of the remainder, 15 per cent arrived by sea and 13 per cent via the Channel Tunnel.

Chapter 5 moves on to the domestic tourism market.

- Domestic tourism is the smallest source of spend in London accounting for less than a quarter of what international spend does;
- Whereas evidence suggests that international tourism to London behaves as a luxury good, it is not clear that domestic tourism behaves so.

Chapter 6 looks at current estimates of the importance of day visitors to London and looks forward to the Great Britain Day Visitors Survey (2011) whose results should be available shortly¹.

- Day visitor spend in London accounts for more than international tourism spend and domestic overnight spend put together.

Chapter 7 draws together some conclusions.

A series of appendices examine quarterly patterns in both in international tourism data for London and in domestic tourism. In particular, these appendices examine overall patterns of seasonality. These are followed by 24 key market profiles including all of London's main inbound markets and the largest of the emerging new markets (these are arranged alphabetically).

It is hoped that this piece of analysis will help London & Partners and others in continuing to develop strategies around tourism in London. It should be noted that in taking a longer term look at tourism in the capital, the paper does not consider the likely impact of this year's Olympic and Paralympic Games, something which will likely be covered by future evaluations of the Games. Enquiries regarding the data in this paper should be addressed to glaeconomics@london.gov.uk.

¹ This working paper was finalised before the headline results of the Great Britain Day Visitors Survey (2011) were published.

Executive Summary

London is one of the most visited cities in the world. In terms of international visitor numbers it is comparable with some Far East destinations such as Hong Kong and Singapore but significantly outperforms other European cities (including Paris). In 2010 the capital received more international visitor spend than the remainder of the UK regions put together and visitor volumes in London rose whilst falling in the remainder of England, Wales and Scotland. Nevertheless, the number of jobs supported by tourism in the capital remains around 7 per cent beneath its pre-recession peak.

The capital dominates Britain's most visited tourist attractions with some sites such as the British Museum attracting more than five million visits annually. However, different attractions in the capital appeal to different visitor types. Its hotel market is fundamentally different to that of the remainder of the country, characterised by higher occupancy rates, higher average daily room rates and far higher levels of profitability. As such the capital's market has far more in common with that of some of its major European competitor cities such as Paris, Barcelona or Rome for instance than the rest of the UK.

A relatively small number of inbound markets account for the majority of international visitors to London. The 'traditional' markets of the EU and North America account for nearly three quarters of all visits and nearly 60 per cent of spend. However, this masks important changes which have taken place and continue to affect the market. The share of tourist spend accounted for by visitors from the United States, for example, has fallen from more than 25 per cent to 15 per cent in a mere eight years and movements across the EU have also changed considerably – not least through the absorption of the Accession states in 2004.

The existing situation is likely to change over time as a result of the combination of the expected economic growth of many emerging economies and the likelihood that international tourism behaves as a luxury good, increasing disproportionately to rises in personal incomes. As a result, London's future as a tourist destination is likely to be more heavily based around the emerging economies. Key findings on visitors from specific inbound markets are presented in appended country profiles. Country shares of holiday, business and visiting friends and relatives (VFR) tourism are very different. However, in all cases, the highest per visitor spends are often from non-traditional markets, particularly those in the Middle East, Africa, Asia and Eastern Europe.

Not all inbound markets look for the same things in London. Indeed, the very things that attract one group of people may deter another as shown in the country profiles which form Appendix 3 of this document. For example, the Anholt Nation Brand Index Survey shows that visitors from a whole range of countries value London's rich historical and cultural heritage and this forms the backdrop to some of the most visited sites in London – Buckingham Palace, the British Museum, the Tower of London and Tate Modern amongst them. However, for a small number of inbound markets, particularly

those who are short of standard holidays such as Hong Kong, this image of London as a historic museum can be off-putting. Similarly, there are substantial differences regarding the attractions that might appeal to those on a lengthy international visit and to those on a day trip from an Outer London Borough.

Domestic tourism is the smallest source for spend in the capital accounting for not much more than a quarter of what international spend does. Whereas domestic overnight visitor patterns show very little sign of seasonality (although the exact date of Easter can have some impact), international visitors show strong seasonal patterns. Relatively little remains known about one of the most important markets for London: UK day visitors. In numerical terms, day visitors are more important than domestic overnight visitors for London but are often not even considered as tourists because many of them come from Greater London or the South East.

Chapter 1 – London’s tourism sector

Jobs supported by London’s tourism sector

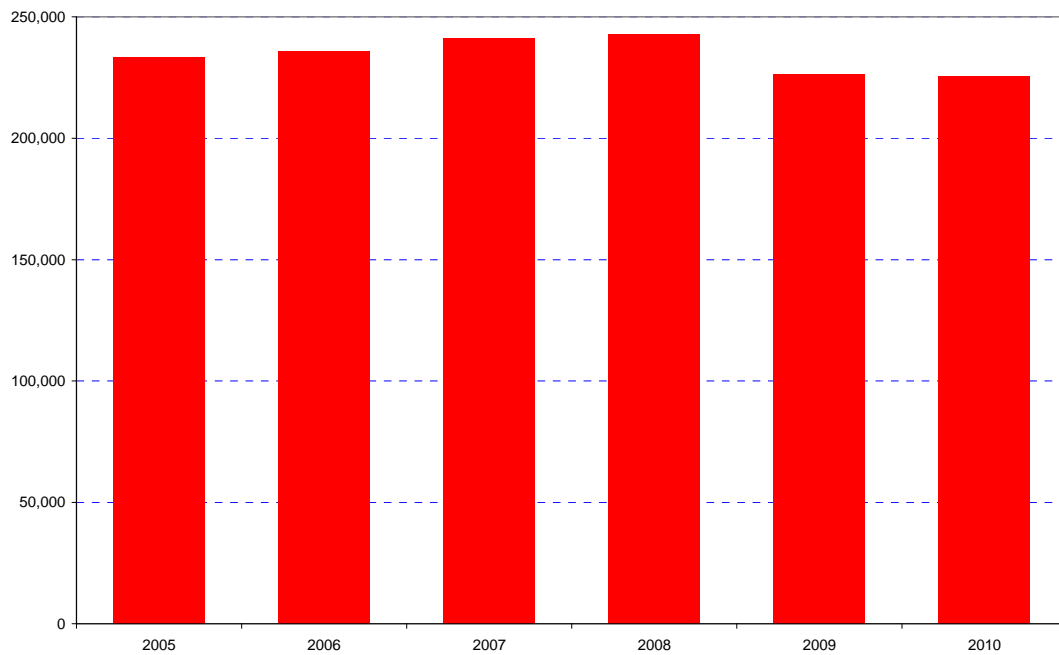
Tourism supports 226,000 jobs in London – around 5 per cent of all employment in London. This remains lower than the years between 2005 and 2008 - around 7 per cent below the pre-recession level as shown in Figure 1-1.

The methodology used for counting jobs supported by tourism in London is based upon data from the ONS and apportionments suggested by the Department for Culture, Media and Sport (DCMS)². This method uses ratios of employment supported by tourism across a broad range of sectors. In fact, these sectors actually cover the whole economy including many sectors not usually considered to be part of the tourism economy. An estimate of self-employed jobs in each sector has also been included³.

²The logic behind the DCMS apportionment factors is that (in most sectors) not all of employment will actually be generated by tourism. So, for example, tourists do help provide jobs in bars and restaurants but there are other people besides tourists who will eat and drink in bars and restaurants. Therefore tourism can only be said to be supporting a share of all jobs in that sector. The DCMS has produced the following percentage factors for the sector for employees: Hotels and accommodation, 56.4 per cent; Bars and restaurants, 41.1 per cent; Transport, 19.2 per cent. Travel agencies and tour operators, 100 per cent; Recreation, 12.7 per cent and Non-tourism sectors (i.e. the remainder of the economy), 0.8 per cent. For self employment, the apportionment factors are as follows: Hotels and accommodation, 52.8 per cent; Bars and restaurants, 38.0 per cent; Transport, 9.1 per cent. Travel agencies and tour operators, 92.3 per cent; Recreation, 39.7 per cent and Non-tourism sectors (i.e. the remainder of the economy), 0.8 per cent.

³In previous years this has been based upon an average of three years of Annual Population Survey data. This year, with the help of ONS’ Regional Statistical Support, only estimates for 2010 have been used. Different DCMS factors have been applied to the sectors for self-employment. Extrapolation of the previous methodology shows that this more detailed methodology has had no discernable impact on the overall total results when rounded to the nearest 1,000. Any revisions to the BRES / ABI estimates for previous years have been applied.

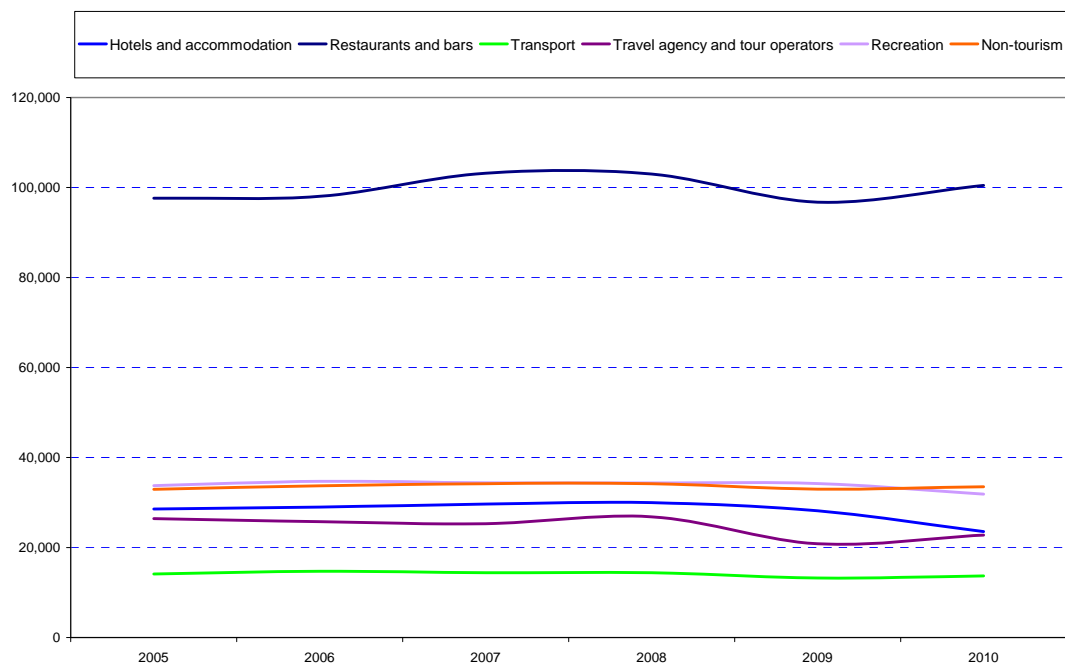
Figure 1-1: Estimated jobs supported by tourism in London, 2005-2010



Source: ONS – BRES / APS, GLA Economics, ONS Regional Statistical Support

Figure 1-2 shows the trends in individual components of that employment over time.

Figure 1-2: Components of estimated jobs supported by tourism in London, 2005-2010



Source: ONS – BRES / APS, GLA Economics, ONS Regional Statistical Support

Of the 226,000 jobs, by far the largest proportion (almost 45 per cent) is accounted for by restaurants, bars and canteens. In 2010, there seems to have been a marked fall in employment in hotels and accommodation. With these results deriving from the relatively new Business Register and Employment Survey (BRES), it remains to be seen whether this change represents a real trend or is simply the result of statistical variability.

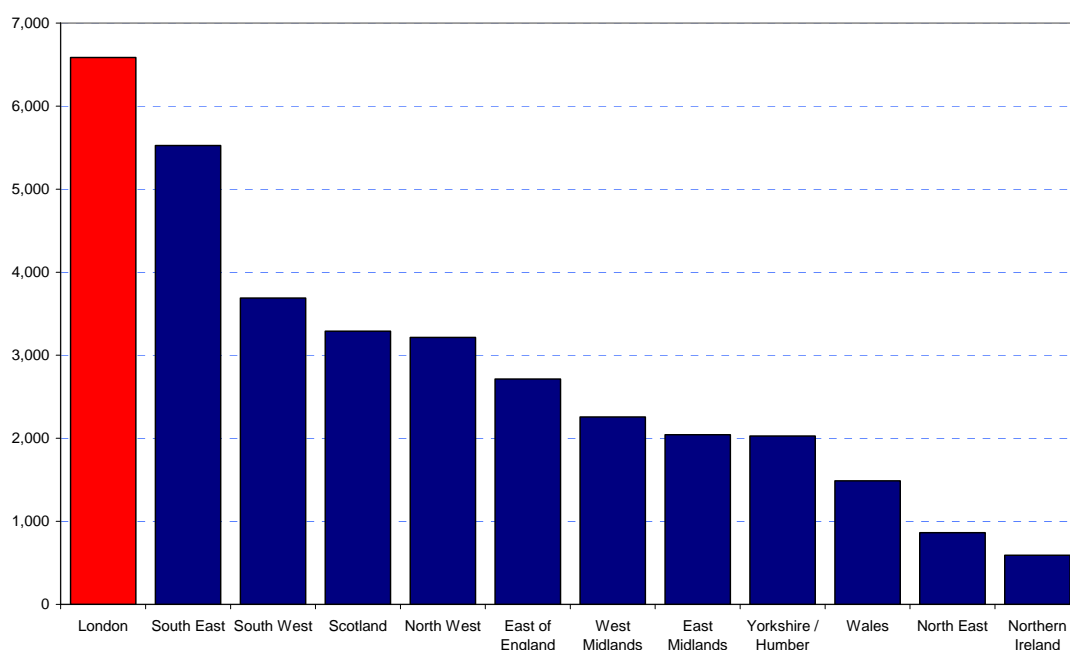
It is also important to note that some 33,000 jobs (or around 15 per cent of the total) are provided in sectors which might not usually be associated with tourism (so-called 'non-tourism' in Figure 1-2).

Tourism's contribution to London's GVA

Estimating regional values of tourism is notoriously difficult but has been the subject of a recent ONS article⁴. This follows the methodology laid out by Buccellato et al.⁵

According to the Tourism Intelligence Unit⁶, when GVA is adjusted to remove the effects of outbound spend at airports and ferry terminals, London accounts for £6.6 billion tourism direct GVA of £34.3 billion nationally as shown in Figure 1-3.

Figure 1-3: Tourism direct GVA in London and other regions / nations of the UK in 2008 (adjusted to exclude outbound tourists)



Source: ONS Tourism Intelligence Unit

⁴ ONS Tourism Information Unit – *The sub-regional value of tourism in the UK in 2008* (Oct 2011).

⁵ Buccellato, Webber, White, Ritchie and Begum – *The economic impact of tourism across regions and nations of the UK* (Economic and Labour Market Review, Vol. 4, No. 5, May 2010).

⁶ The ONS' Tourism Intelligence Unit was established to research the priorities of the English Tourism Intelligence Partnership.

London's tourist attractions and activities

The fact that tourism to London supports so many jobs in the capital should not be too surprising. In order to get the most consistent picture, comparable data need to be drawn from the same source. Euromonitor International⁷ has recently published new volume figures for international arrivals to cities with some important methodological changes for Hong Kong, Singapore and Macau⁸.

Table 1-1: Most visited cities in the world, 2009 and 2010

Most visited cities, 2010		Thousands of visitors	Most visited cities, 2009		Thousands of visitors
1	Hong Kong	19,973	1	London	14,211
2	Singapore	18,297	2	Bangkok	9,986
3	London	14,706	3	Singapore	9,683
4	Macau	13,098	4	Kuala Lumpur	9,400
5	Bangkok	10,984	5	Antalya	8,868
8	New York City	8,961	6	New York City	8,479
9	Paris	8,176	8	Paris	7,750

Source: Euromonitor International⁹

London shows a 3.5 per cent increase in volume between 2009 and 2010¹⁰. This is relatively modest even when compared with the **adjusted** increases for Hong Kong (18.0 per cent), Singapore (16.0 per cent) and Macau (25.9 per cent). However, London is well ahead of any other European city in the Euromonitor data.

In 2011 there were 37.8 million visitors to key attractions in London – up 4.5 per cent on the previous year. Of these, two thirds were to free attractions¹¹. Amongst the capital's top attractions are museums (such as the British Museum, Natural History Museum, Victoria & Albert Museum, Science Museum, National Maritime Museum and Imperial War Museum), historic buildings (such as the Tower of London, St Paul's, Westminster Abbey, the Houses of Parliament and Hampton Court), galleries (such as the National Gallery, Tate Modern and the National Portrait Gallery), parks and gardens – including Kew, London Zoo, the London Eye and HMS Belfast.

Expenditure and visitor number data for London's attractions are complicated. Privately-owned attractions do not want to share commercially-sensitive data whilst many state-

⁷ Note that Euromonitor uses different methodologies for different countries depending on country.

⁸ Hong Kong and Macau now include visitors from mainland China whereas in 2009 these were excluded. Around 60 per cent of Hong Kong's international tourists in 2010 were from China. Similarly, Singapore now includes Malaysian citizens arriving by land.

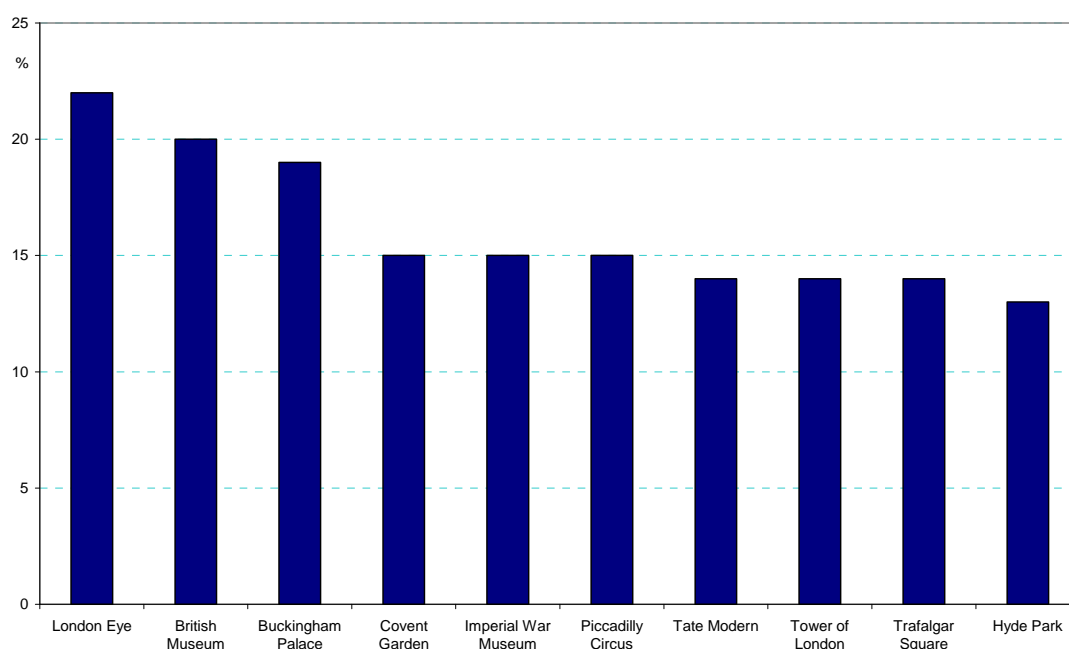
⁹ Note that these figures have been revised since the first release from Euromonitor. The figures presented here are the revised ones and may not be consistent with those presented on Euromonitor blogs. However, they should now be consistent with those from the International Passenger Survey.

¹⁰ Again, this percentage is based on revised figures and is consistent with the International Passenger Survey results for London.

¹¹ Source: London & Partners Attractions Monitor.

supported attractions have free entrance. Visitor numbers are therefore available for some attractions but not for others. However, according to available data, the London Eye is the most visited paid-for attraction; the British Museum the most visited free entrance attraction. There is also the issue of whether people actually enter the attraction at all. For example, in 2011 Queen’s House at Buckingham Palace hosted a popular exhibition featuring the Duchess of Cambridge’s wedding dress which will have increased ‘official’ visitor numbers but the numbers of people visiting Buckingham Palace to see it from the outside are always high. Similarly, large numbers of people pay admission to the Tower of London but, equally, many tourists just take pictures of it from the outside. The London Visitor Survey asked people to name the attractions they had visited or were likely to visit. The most frequently cited attractions are shown in Figure 1-4.

Figure 1-4: The ten most visited attractions in London according to the London Visitor Survey

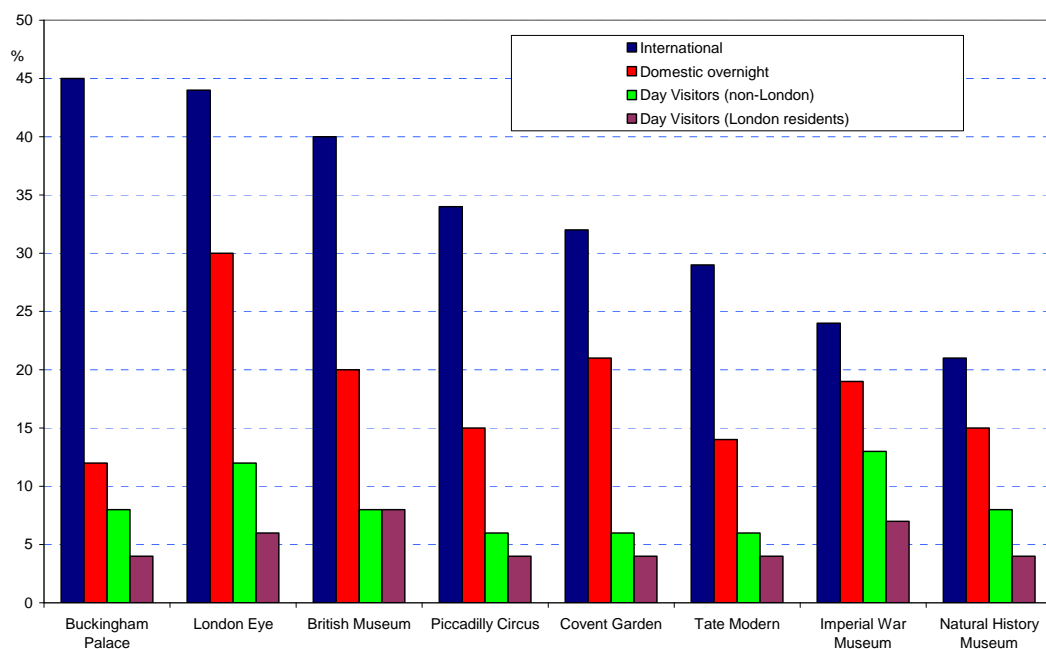


Source: Ipsos MORI – London Visitor Survey

It is important to realise that the relative popularity of attractions varies considerably, particularly when there is a major exhibition on. For example, an exhibition such as the Da Vinci exhibition at the National Gallery could put 20-30 per cent on attendance. Year on year figures will show a slump if there isn't a major exhibition of similar popularity the following year.

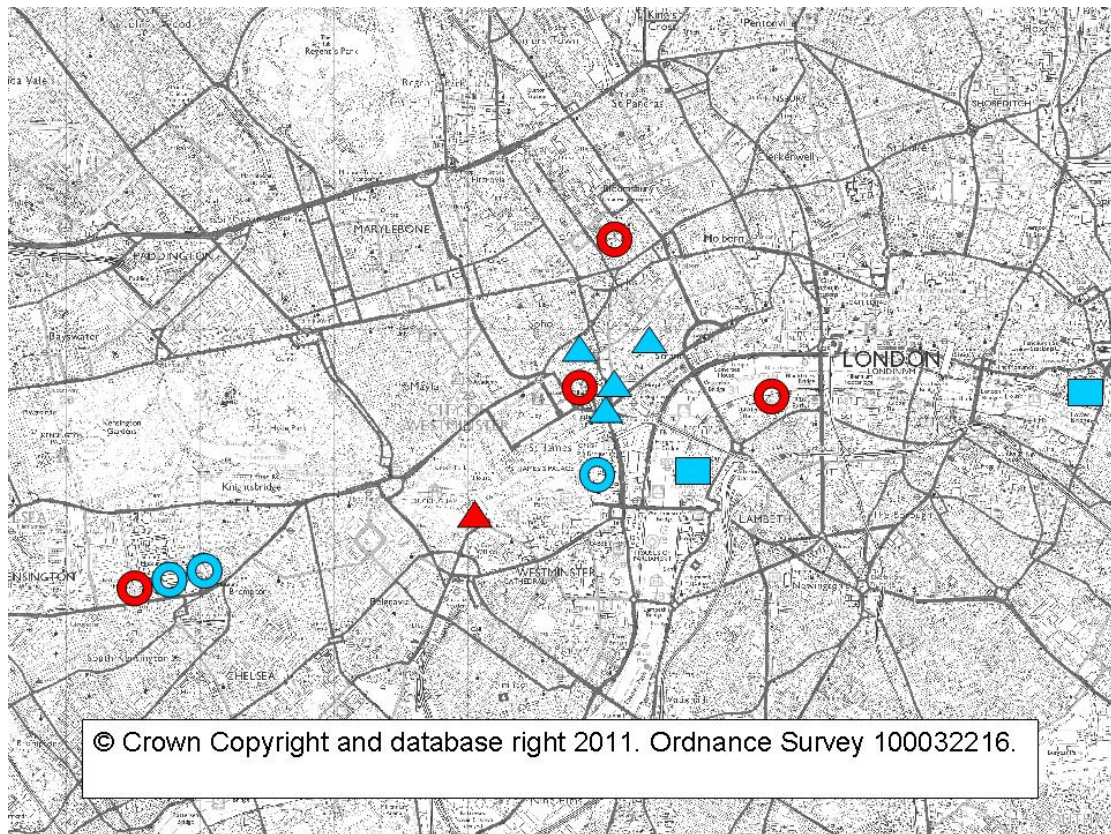
There are actually marked differences between the attractions visited by international visitors and those visited by domestic staying visitors. Buckingham Palace is perhaps the best example to show the difference with 45 per cent of overseas visitors visiting it compared to only 12 per cent of domestic overnight visitors. This could reflect the different objectives of domestic and international visitors and may also be influenced by the potential frequencies of their respective visits. Piccadilly Circus is another landmark high on the international visitor itinerary but less important for domestic visitors. The very different pattern in answers is shown in Figure 1-5. Of course, this picture is partial since international tourists may be more likely to name a destination such as Piccadilly Circus, Leicester Square or Covent Garden whereas a domestic visitor may still go there but not specifically name it.

Figure 1-5: Proportion of respondents saying that either had visited or intended to visit specific attractions (select attractions only) by visitor group









Source: Ipsos MORI – London Visitor Survey

Map 1-1: Location of key tourist sites in London



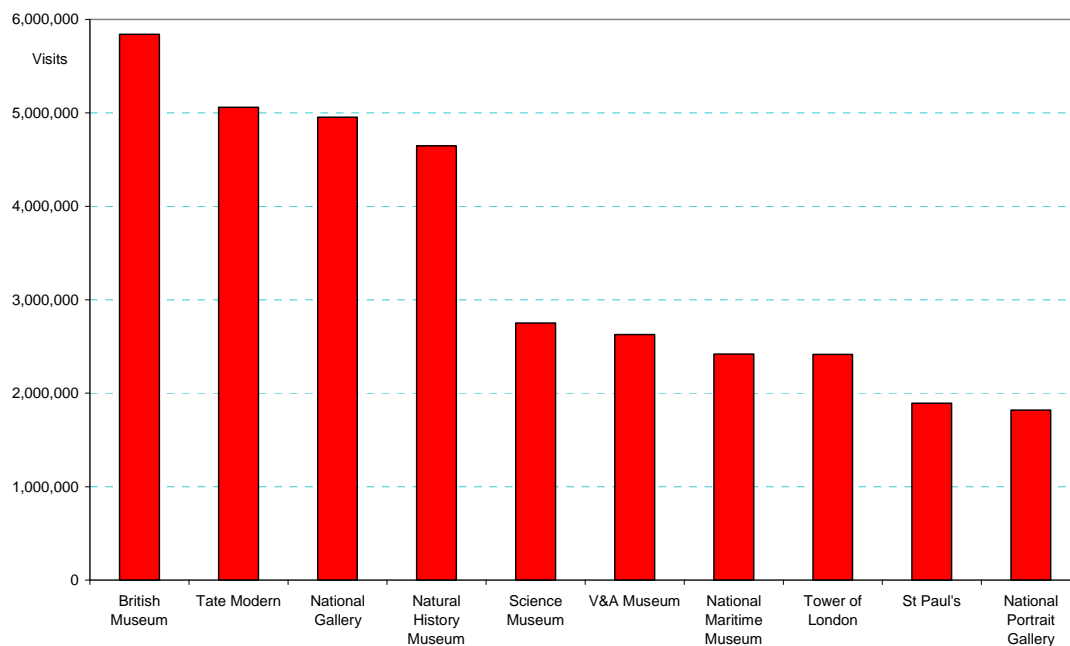
Source: ALVA, London Visitor Survey, GLA Economics

Key to above map

	Attraction estimated to have more than 4 million visits	Attraction estimated to have between 2 and 4 million visits
Free admission attraction		
Paid admission attraction		
External site attraction		

The Association of Leading Visitor Attractions (ALVA) collates data on visitor numbers to attractions in the UK. The top 13 attractions nationally are all in London (with the National Galleries of Scotland - Edinburgh sites ranking 14th). Of these the top seven are all free entrance attractions with the Tower of London ranking as the highest charging attraction (see Figure 1-6). Note that, with the exception of the National Maritime Museum, all of the major attractions fall within a relatively tightly-defined central area of London from South Kensington to Tower Hill.

Figure 1-6: Most visited attractions in the UK according to the Association of Leading Visitor Attractions (ALVA)



Source: ALVA

Of course, the fact that an attraction has free admission does not mean that tourists do not spend money there. Some of London's free attractions do have paid-for exhibitions and tourists also spend money on hotels, in restaurants and bars, on shopping and on entertainments. Such secondary or incremental revenues are an essential revenue source for London.

- ***Shopping***

In terms of shopping, Oxford Street, one of the world's premier shopping streets, has over 300 shops, designer outlets and landmark stores such as Selfridges. It can be considered a tourist attraction in its own right with a quarter of all visitors coming from overseas. The Regent Street and Bond Street areas have some of London's most famous shops including Hamleys and Liberty. Neighbouring streets such as Carnaby Street and Jermyn Street cater for designer clothes and bespoke men's fashions respectively. The West End has around five times the floorspace of either Croydon or Kingston. Knightsbridge includes both Harrods and Harvey Nichols. Other 'traditional' shopping areas include the King's Road in Chelsea and Covent Garden. However, London has more recently opened large new, 'edge of city' shopping centres such as the Westfield

Centres in Shepherd's Bush and at Stratford City, immediately adjacent to the Olympic Park. Data on London's retail sector are rather limited but retail sales survey by a Central London retail membership organisation provides some idea of trends¹².

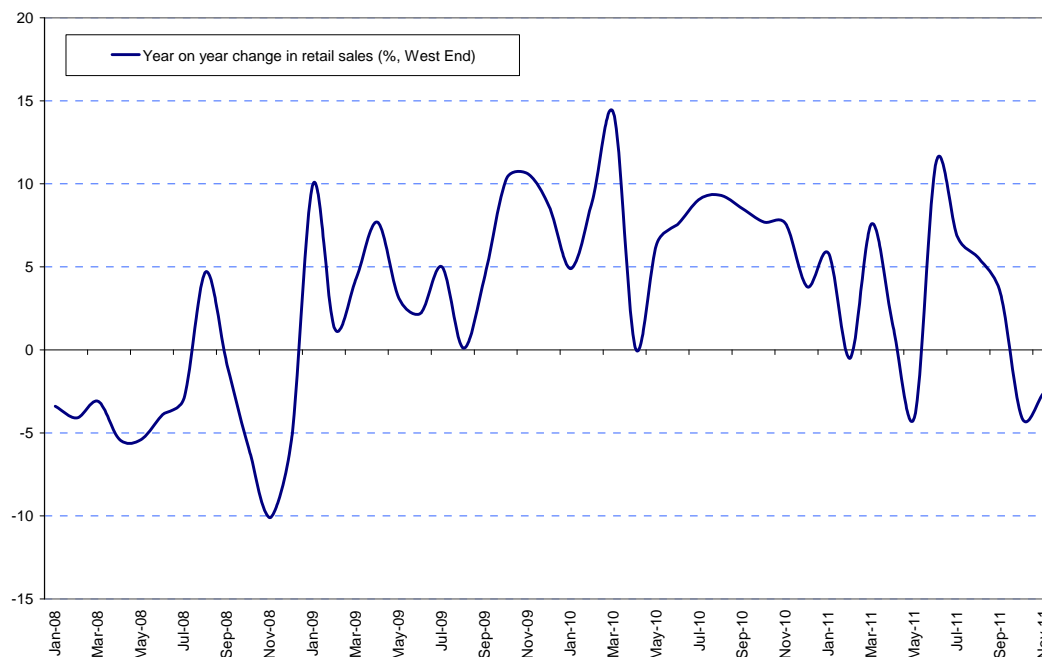
Data evidence: Central London retail sector

Clearly, London's retail sector is primarily reliant on domestic shoppers. However, some major London thoroughfares have a high proportion of international shoppers. The stores in streets such as Oxford Street, Regent Street and Bond Street in Central London rely on tourists for a significant proportion of their revenues. Similarly, a large number of international tourists see Harrods in Knightsbridge as a tourist attraction. Some of the best performing stores claim that as much as one third of their shoppers are international at certain points of the year. The New West End Company (NWECC) supplies data from a survey of large stores in the central area of Westminster. Each month NWECC members voluntarily provide estimated percentage changes (but not actual figures). These percentage changes are then averaged and the balance is presented unweighted.

Throughout 2008 Central London retailers reported a poor performance with negative responses outweighing positive responses for much of the year. However, the reverse was the case for all of 2009 and 2010 with every single month having a positive balance (although as low as +0.1 on two occasions). To date 2011 has been far more mixed with May and October demonstrating the most negative pictures as shown in Figure 1-7. However, it should be kept in mind that these data are based on a small sample and are therefore subject to quite marked fluctuations and that the responses are unweighted so that a retailer with turnover of five times that of another is only given equal weight in the balance.

¹² Note that international comparisons regarding retail can be found in GLA Economics' report on the retail sector: http://legacy.london.gov.uk/mayor/economic_unit/docs/retail-in-london.pdf

Figure 1-7: Balance on NWEC index for year-on-year change in retail sales, 2008 – 2011



Source: New West End Company, GLA Economics

- Entertainment

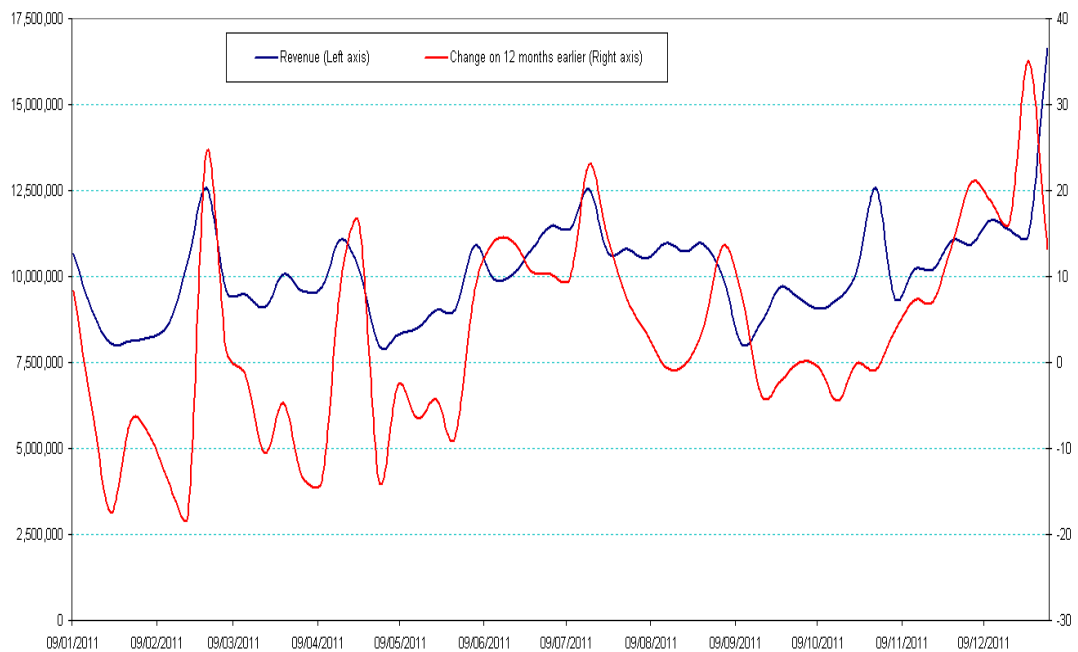
In terms of entertainments, London’s ‘Theatreland’ (performing shows as well as plays) is clustered around Leicester Square and Covent Garden. In addition, there are bespoke arts and cultural centres such as the Royal Albert Hall, the South Bank Centre – one of the largest arts centres in the world – and newer additions to the capital’s cultural landscape such as Kings Place. On top of this, cultural events also take place in Trafalgar Square on a regular basis. Few rock bands on a world tour would miss out on London venues such as Wembley or the O2. To get an idea of how the entertainments sector has been performing theatre revenues data are examined.

Data evidence: Theatre revenues

These data are sourced from the Society of London Theatres. The data presented here refer to 2011 (whereas many of the datasets earlier in the paper refer to 2010.) Overall box office revenues show a mixed picture with the early part of the year generally being less good than last year but the summer tending to be more positive and the last quarter of the year being strongly positive. Overall, box office revenues were up around 9.7 per cent in 2011¹³.

¹³ On a ‘like for like’ basis ticket sales rose 3.1 per cent compared with the previous year. Therefore 2011 saw record sales of nearly £528.4 million, generating more than £88 million in VAT receipts for the Treasury.

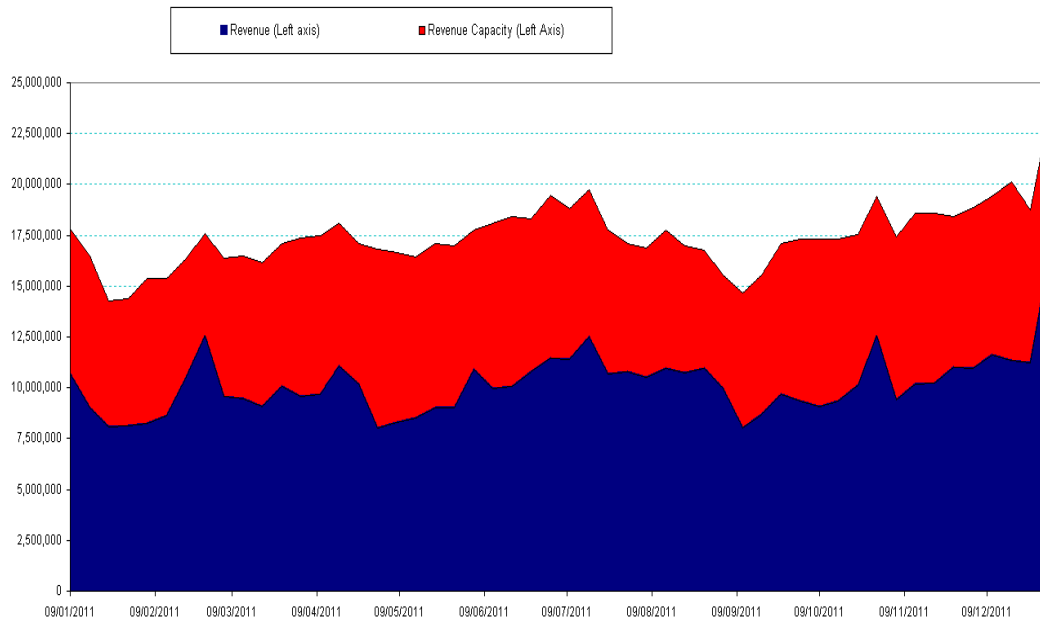
Figure 1-8: London box office revenues (£) by week over 2011 and change from the same period in 2010 (per cent)



Source: Society of London Theatres (SOLT), GLA Economics

Figure 1-8 shows box office revenues in blue and the change on the same period 12 months earlier. In Figure 1-9 the red area represents the gap between revenue and actual revenue capacity. Over the year to date revenue as a percentage of revenue capacity has operated in the range between 47 per cent and 72 per cent, being more typically in the range between 55 and 60 per cent.

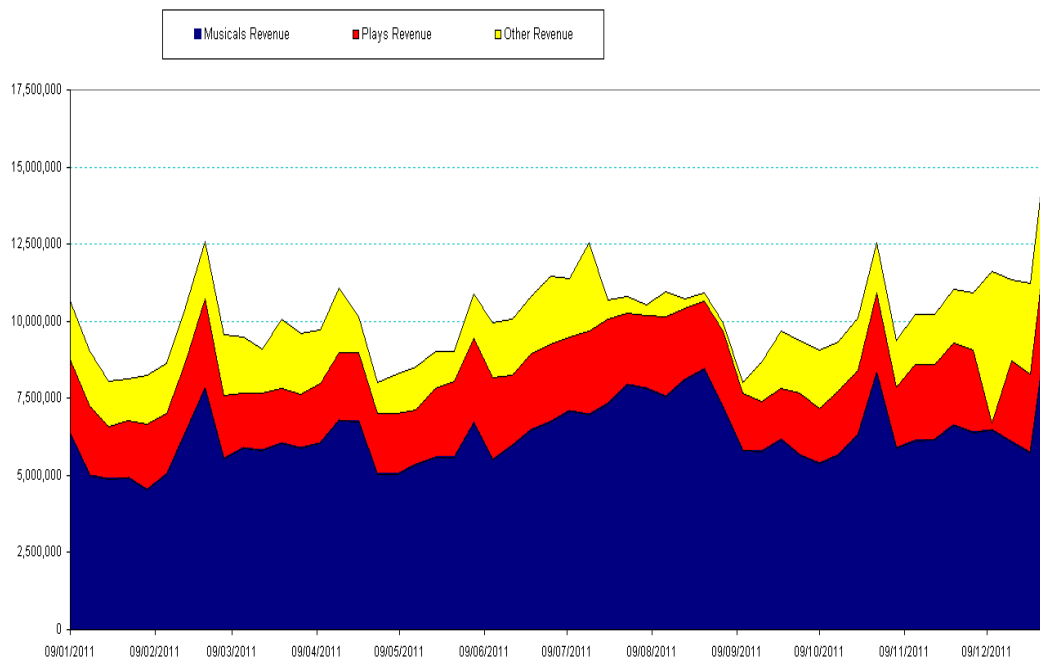
Figure 1-9: Revenue and revenue capacity in London theatres over 2011



Source: Society of London Theatres, GLA Economics

Figure 1-10 shows that the big earner in revenues is actually musicals rather than drama. In any given week musicals have accounted for between 55 and 78 per cent of revenues.

Figure 1-10: Composition of revenue by entertainment source (2011)¹⁴



Source: Society of London Theatres (SOLT), GLA Economics

¹⁴Note that 'Other' includes: entertainments, performance pieces, dance and opera.

London's sporting events are also a major attraction. Obviously, foremost amongst these will be the Olympic and Paralympic Games in the summer of 2012. However, over the past few years London has hosted not only regular events but also specific, one-off events such as the UEFA Champions League Final in May 2011. London has some of England's major football teams including Arsenal, Chelsea and Tottenham, each of which has played in European football competition in recent years. In all, 7 clubs in London have stadia with capacities of 25,000 or more. Of course, Wembley also acts as the national football stadium. Twickenham rugby stadium has a capacity of 82,000. In addition, London is also the home of regular events such as the Boat Race, the London Marathon and Wimbledon tennis.

According to the evaluation methodology developed by EventImpacts, Visit London estimates that events such as the London Marathon and the attraction of NFL league games have had a large net economic impact on the capital¹⁵.

- ***Eating and drinking out***

Surveys suggest that one of the most popular activities for tourists is eating out. London has a diversity of places to eat from famous restaurants including two with three Michelin stars to gastropubs and every type of ethnic cuisine. Places to drink range from traditional English pubs to the latest in modern chain bars. Statistics from the Business Register and Employment Survey (BRES) show there are over 22,000 bars and restaurants in the capital.

- ***Accommodation***

Not all London's tourist visitors require paid accommodation. Some will be day visitors who will return home at the end of the day. Others will be staying with friends or relatives. Foreign students studying in London will have pre-existing accommodation arrangements. Nevertheless, many do have to stay in a hotel and this can be a very significant part of their overall budget.

It is always difficult to estimate the number of hotel rooms available in a city as room stock is constantly changing on account of hotel openings, closures, refurbishment and delays in development projects. However, it is estimated that at the end of 2011 there were some 96,000 hotel rooms available in the capital. Another 7,000 to 8,000 are likely to come on stream over the course of 2012. These figures exclude serviced apartments and bed & breakfasts¹⁶. BRES indicates that around 44,000 people are employed in the sector in London. Across Great Britain as a whole there are around 364,000¹⁷. London's hotel market is very different from that of the rest of England, Scotland and Wales. London has a far higher proportion of 'top end' properties and therefore establishments

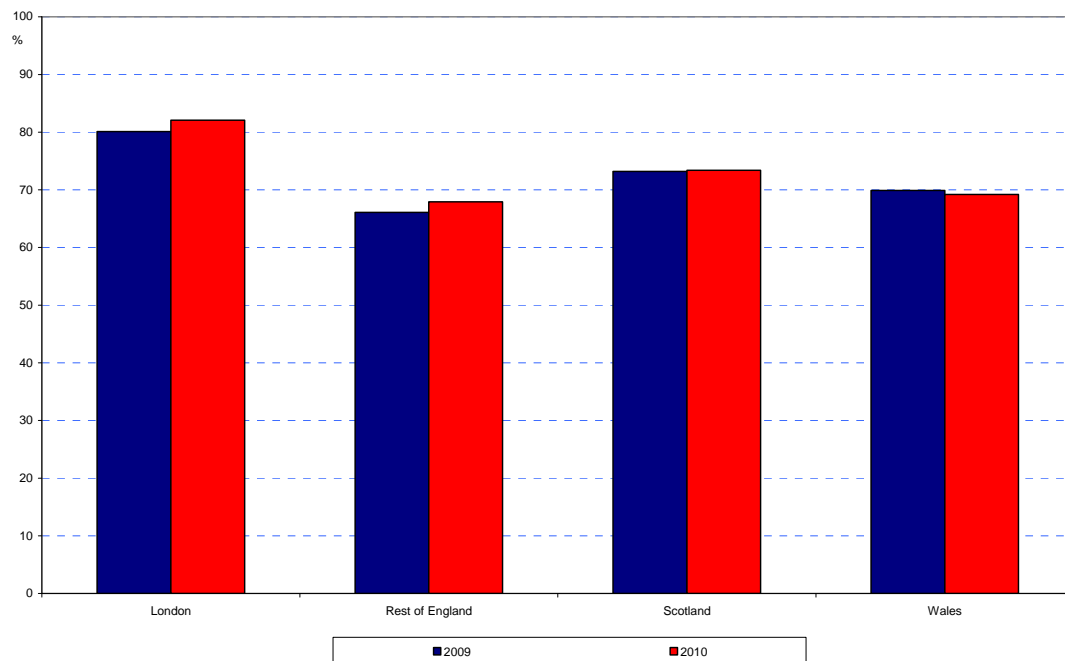
¹⁵ EventImpacts suggests that the London Marathon has a net impact of £27 million and the NFL league games £23 million. Smaller events such as the World Badminton Championships and the Triathlon are both estimated to have net benefits of just under £3 million.

¹⁶ Source: LDA / London & Partners Accommodation Census database.

¹⁷ Note that this is a figure for total employed, does not include the self-employed and has not been factored using DCMS' apportionments.

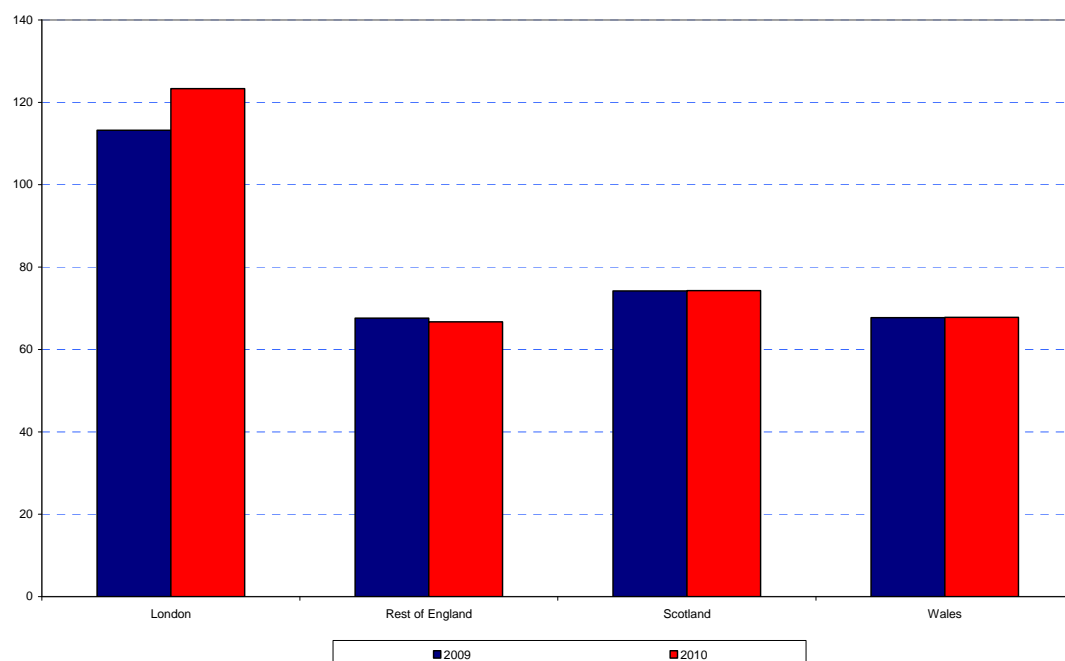
tend to have higher charges. Occupancy rates tend to exceed an annual average of 80 per cent (82.1 per cent in 2010) whilst the average daily rate in 2010 was £123.32 as shown in Figures 1-11 and 1-12 respectively.

Figure 1-11: Hotel occupancy rate in 2009 and 2010 by UK area



Source: TRI Hospitality Consulting - UK Market Forecasts

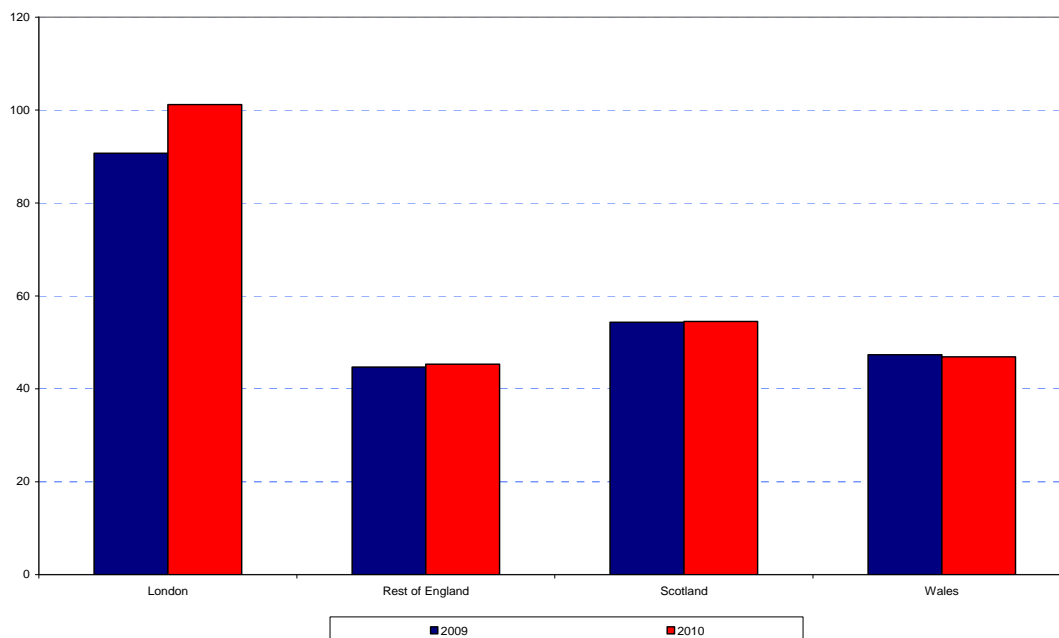
Figure 1-12: Average daily room rate in 2009 and 2010 by UK area (£)



Source: TRI Hospitality Consulting - UK Market Forecasts

This made revenue per available room in 2010 £101.20 in London in contrast to £45.32 elsewhere in England as shown in Figure 1-13.

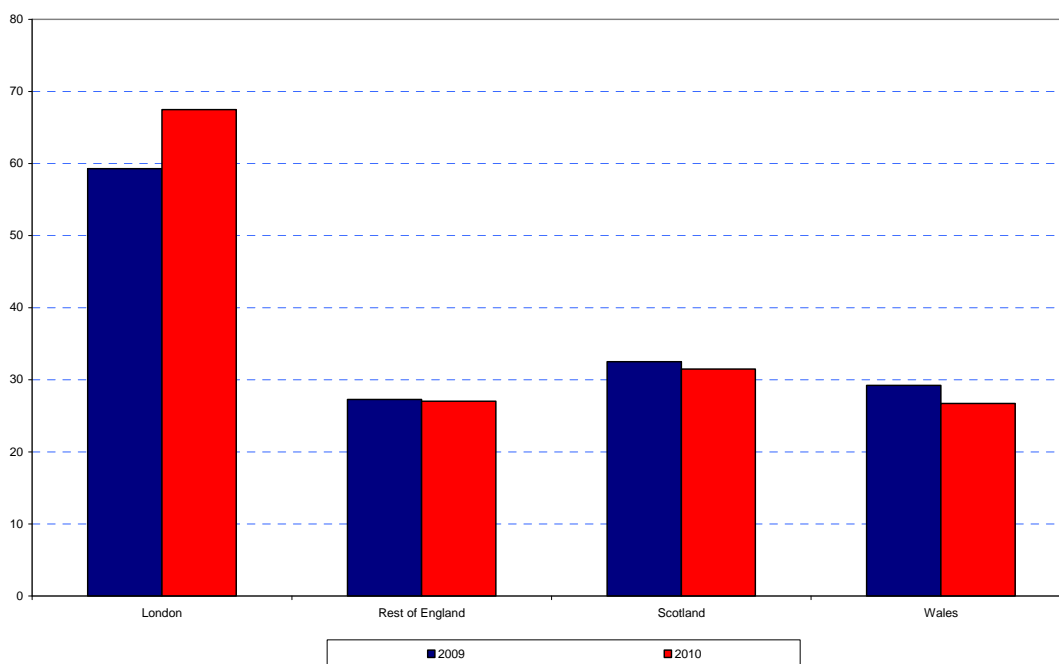
Figure 1-13: Revenue per available room in 2009 and 2010 by UK area (£)



Source: TRI Hospitality Consulting - UK Market Forecasts

Similarly, in 2010 the Gross Operating Profit per available room in the capital was £67.47 compared to £27.03 elsewhere in England as shown in Figure 1-14.

Figure 1-14: Gross Operating Profit per available room in 2009 and 2010 by UK area (£)

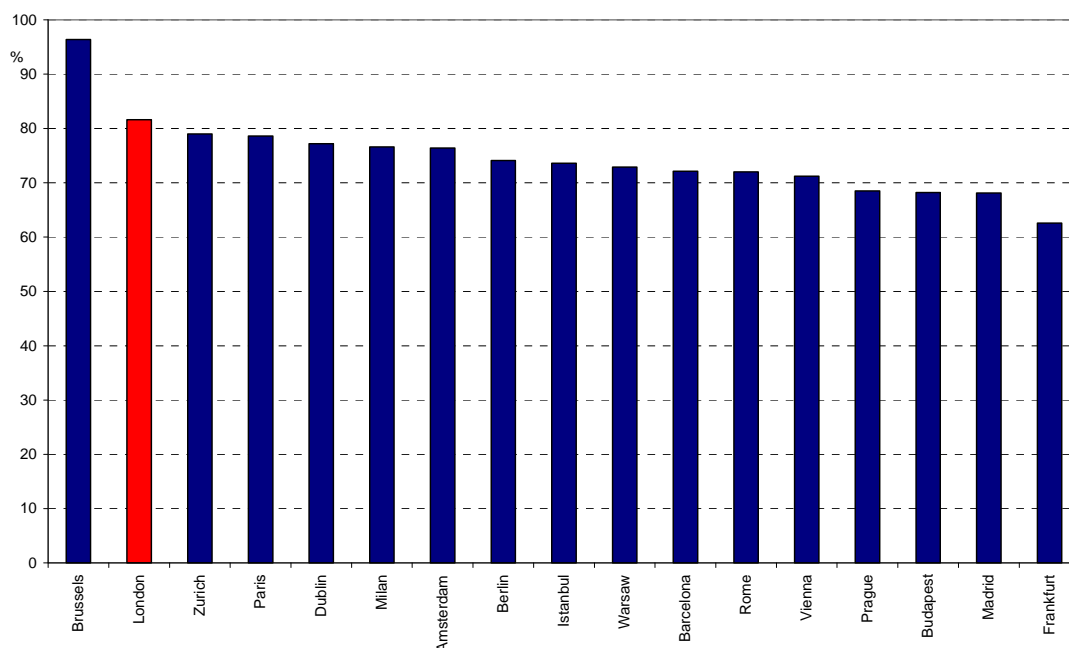


Source: TRI Hospitality Consulting - UK Market Forecasts

London has far more in common with some of its major European competitor cities such as Paris, Barcelona or Rome for instance than with cities in the rest of the UK. Working on survey data over the 12 month period to either September 2011 or October 2011, occupancy rates, average room rates, revenue per available room and Gross Operating Profit per available room were compared for 17 large European cities.

London had the highest occupancy rate with the exception of Brussels as shown in Figure 1-15. Frankfurt had the lowest occupancy rate.

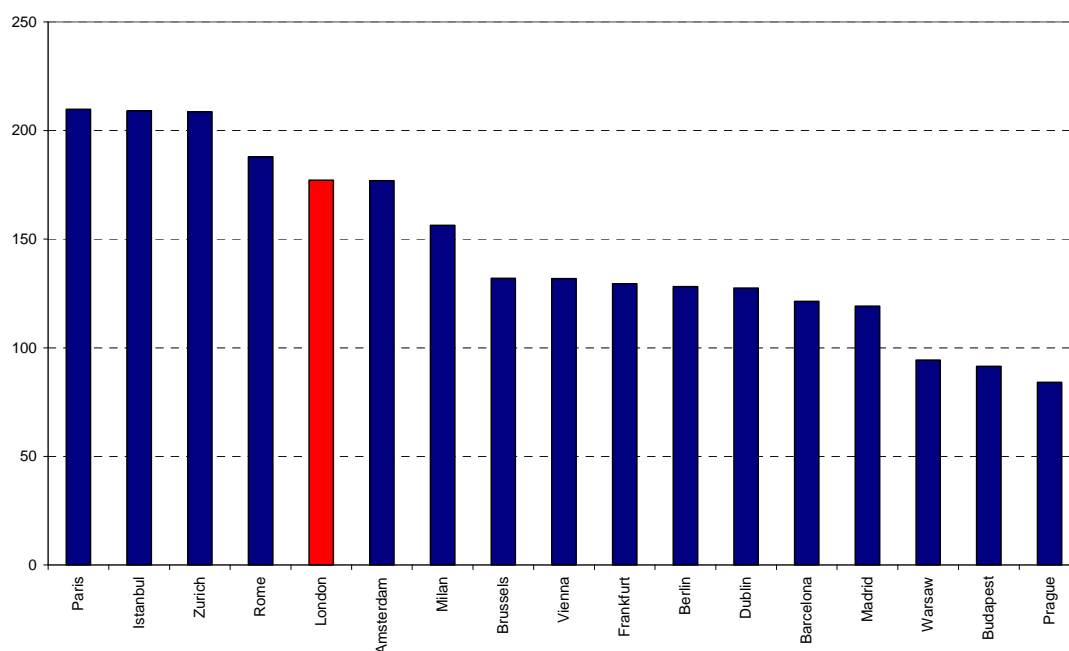
Figure 1-15: Occupancy rates by European city, year to Autumn 2011 (per cent)



Source: TRI Hospitality Consulting – European Chain Hotels Market Reviews

London’s average daily room rate was also relatively high at 177 Euros – but was less than Rome and substantially less than Paris, Istanbul or Zurich, as shown in Figure 1-16. The cities of the former Eastern Europe had the lowest daily rates.

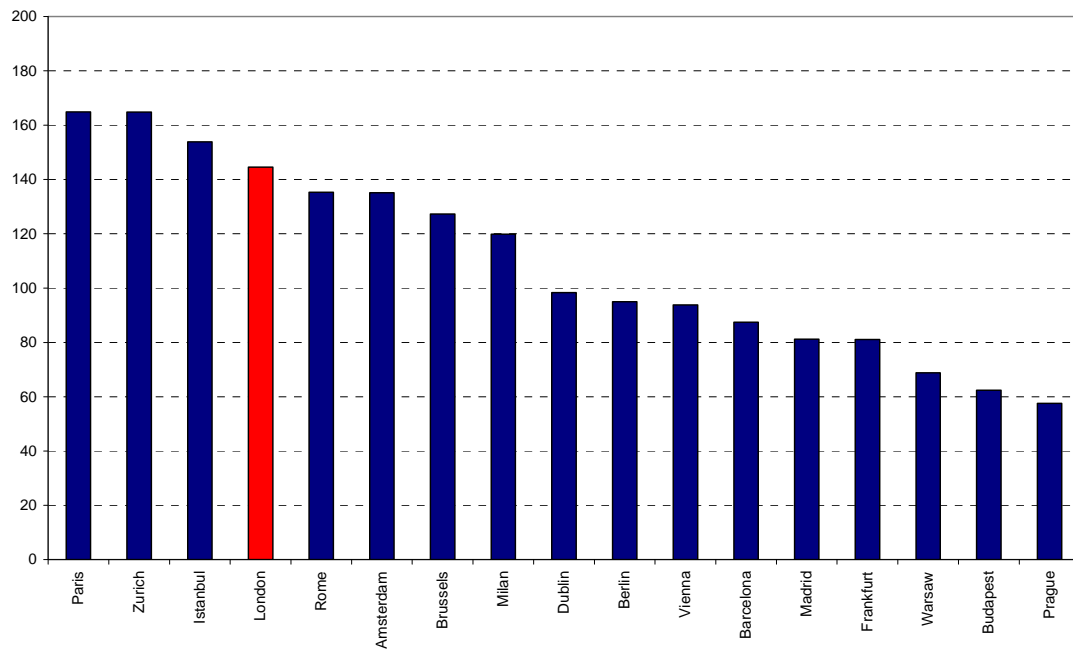
Figure 1-16: Average daily room rate by European city, year to Autumn 2011 (Euros)



Source: TRI Hospitality Consulting – European Chain Hotels Market Reviews

Paris, Zurich and Istanbul also had the highest revenues per available room (RevPAR) with London just behind them. Again, the capital cities of Eastern Europe had the lowest RevPARs as shown in Figure 1-17.

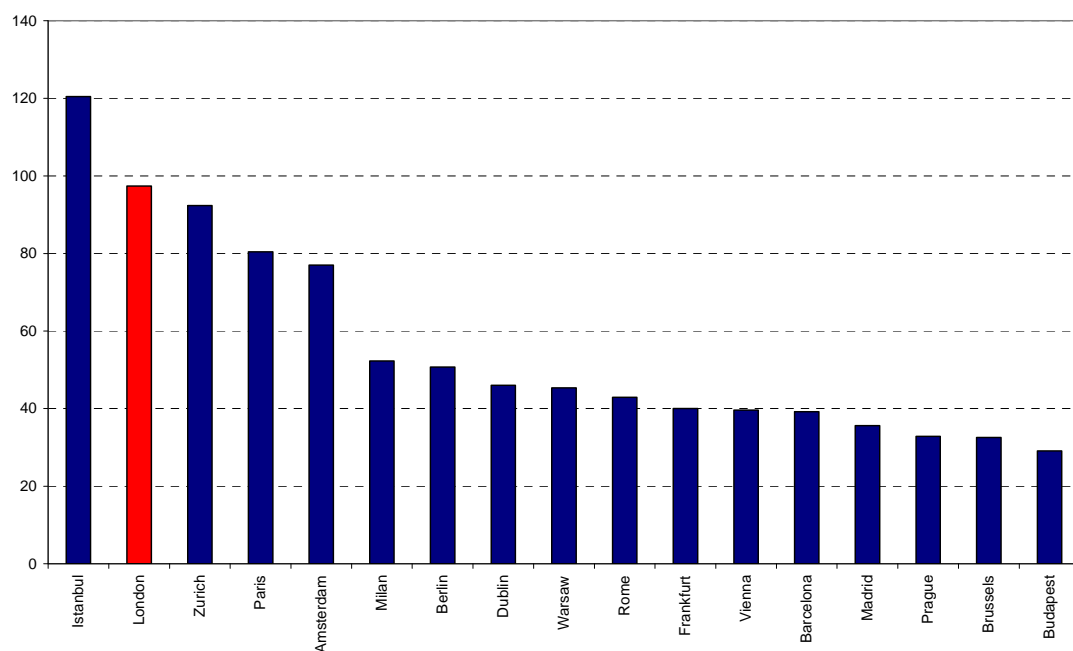
Figure 1-17: RevPAR by European city, year to Autumn 2011 (Euros)



Source: TRI Hospitality Consulting – European Chain Hotels Market Reviews

London’s Gross Operating Profit per available room was the highest with the single exception of Istanbul as shown in Figure 1-18.

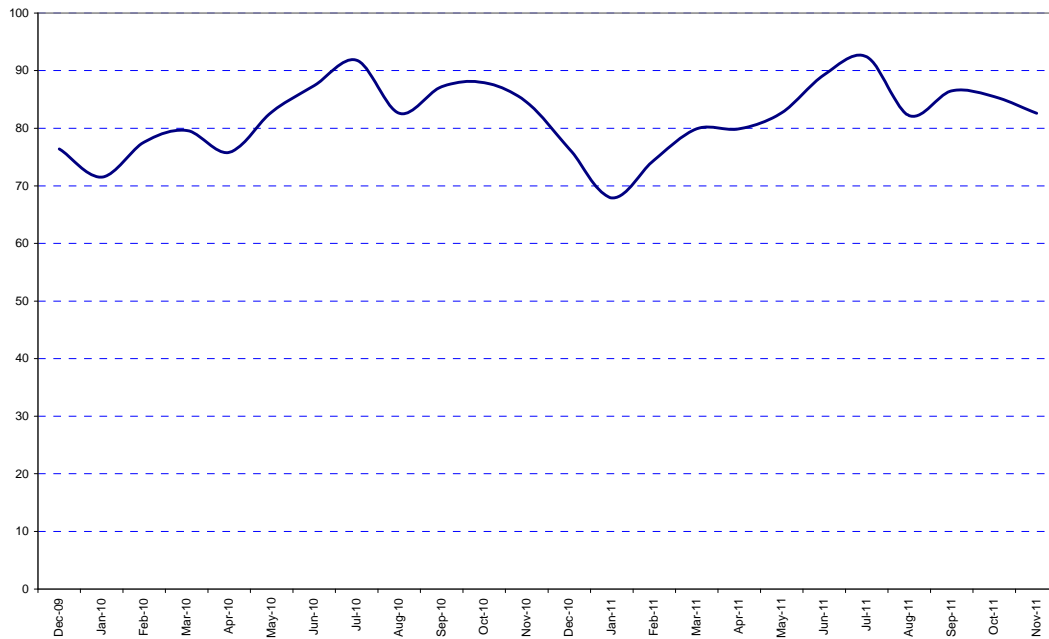
Figure 1-18: GOPPAR by European city, year to Autumn 2011 (Euros)



Source: TRI Hospitality Consulting – European Chain Hotels Market Reviews

There is also a seasonal cycle to data on London's hotel sector. Occupancy rates tend to be highest in July before falling off sharply in August. The trough of the cycle appears to be January as shown in Figure 1-19. It will be shown later that this seasonality appears to be driven by international rather than domestic tourists.

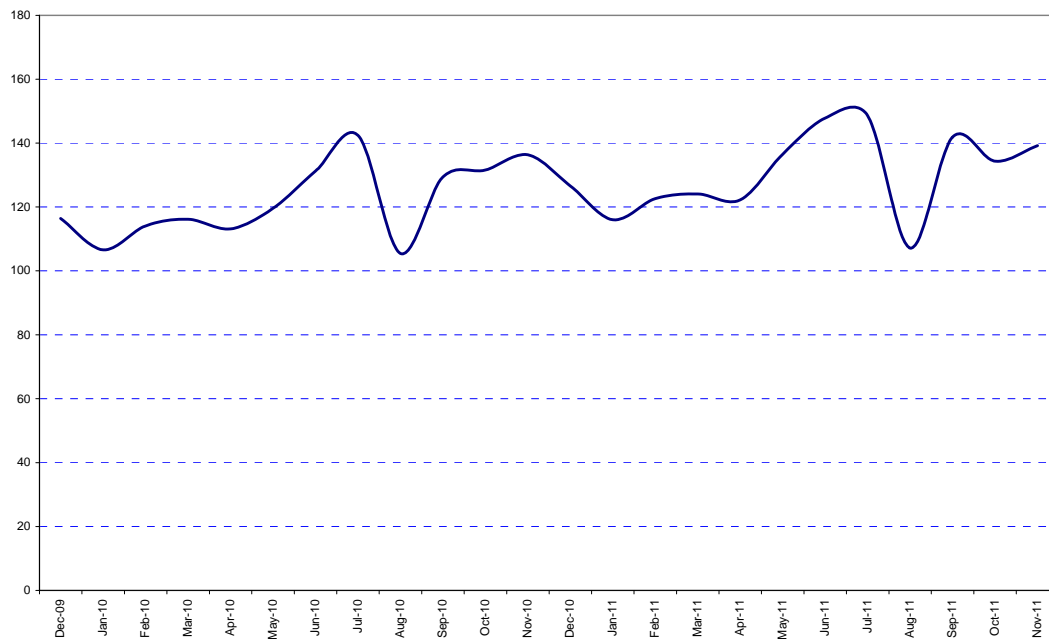
Figure 1-19: Occupancy rate by month in London since December 2009 (per cent)



Source: TRI Hospitality Consulting – UK Chain Hotels Market Reviews

Seasonality also reflects in the average room rate as shown in Figure 1-20.

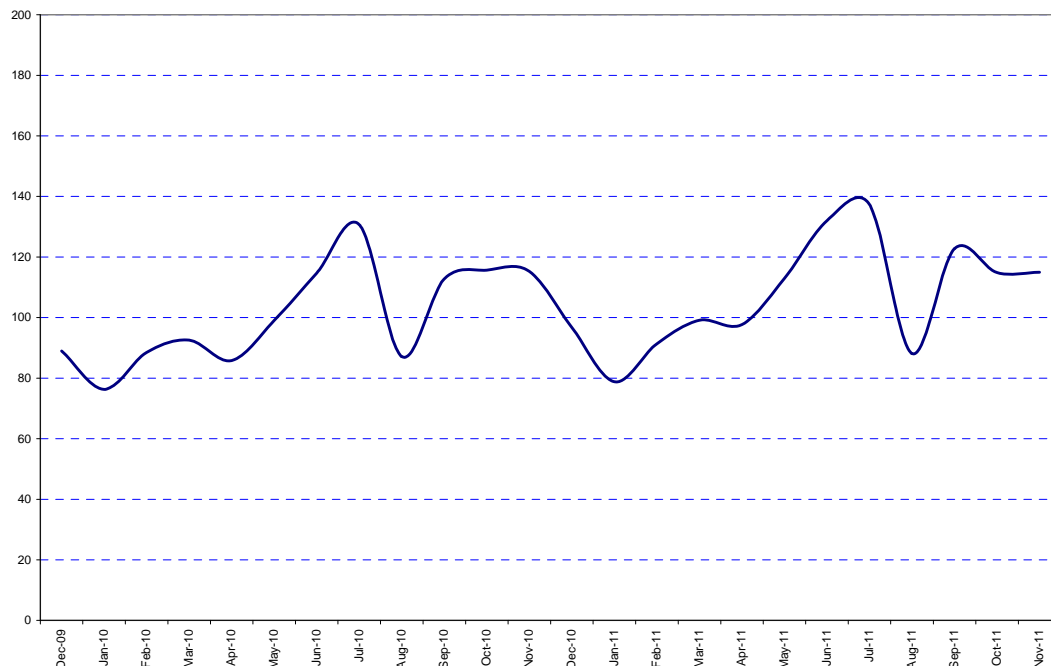
Figure 1-20: Average daily room rate by month in London since December 2009 (£)



Source: TRI Hospitality Consulting – UK Chain Hotels Market Reviews

As a consequence revenue per available room also varies by time of year, tending to peak in July before falling sharply in August. Again, January appears to be the trough of the cycle as shown in Figure 1-21.

Figure 1-21: RevPAR by month in London since December 2009 (£)

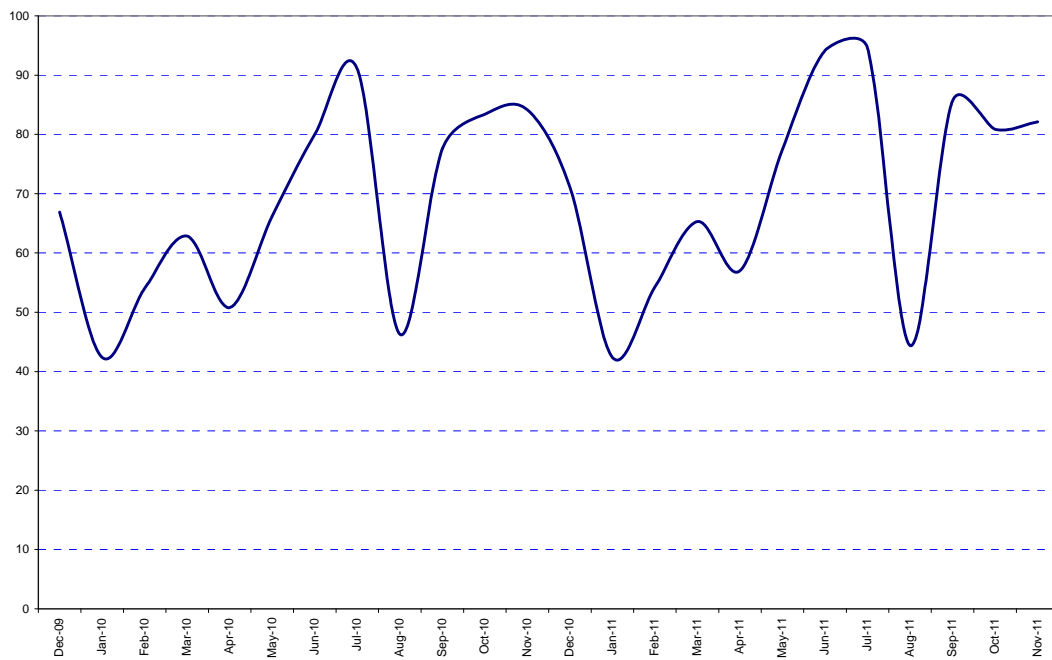


Source: TRI Hospitality Consulting – UK Chain Hotels Market Reviews

Note that RevPAR grew in every month in 2011 when compared with 12 months earlier until October. Spring and early summer, in particular, saw very significant increases in revenue per available room.

Gross Operating Profit per available room follows the same broad cycle. Again, spring and early summer of 2011 saw exceptional increases in operating profits of hotels given the global economic climate. GOPPAR showed year-on-year declines in both April and the two consecutive months of October and November 2011 as shown in Figure 1-22. However, over the same period provincial profitability has plummeted.

Figure 1-22: GOPPAR by month in London since December 2009 (£)



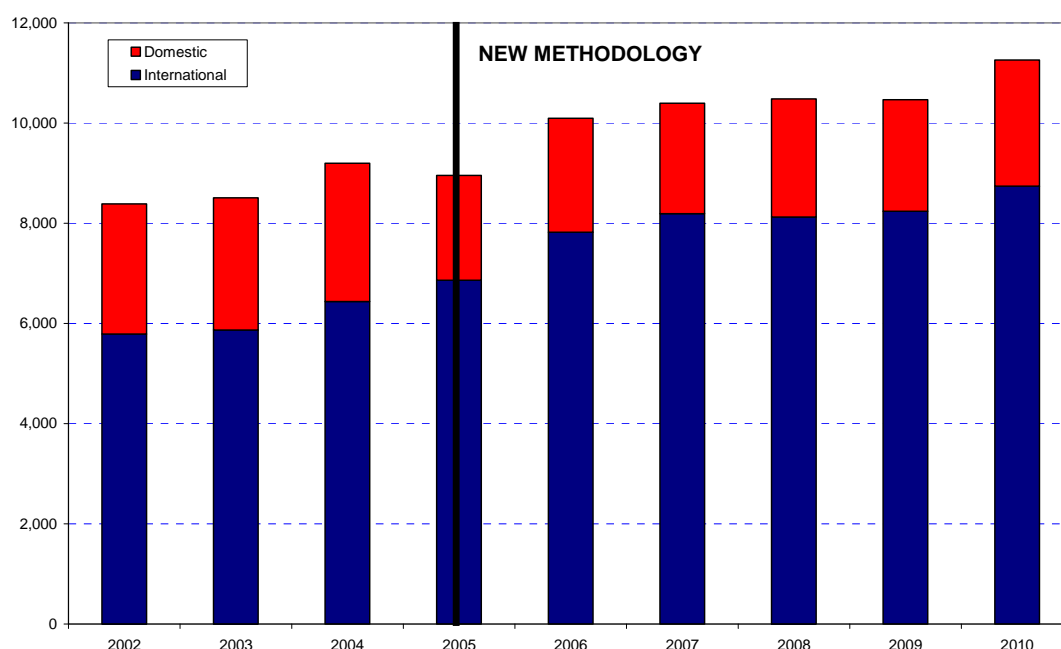
Source: TRI Hospitality Consulting – UK Chain Hotels Market Reviews

Chapter 2 – London’s tourism markets in the context of future global growth patterns

According to the International Passenger Survey, London had just over 14.7 million international visitors in 2010. Visitors to London come from a multitude of different countries. However, a relatively small number of nations account for the majority of visitors. Traditionally, the US has accounted for the largest single share but it is a proportion that has been in decline in recent years. At present Europe and North America account for two thirds of London’s overseas tourist expenditure. However, that is unlikely to remain the case over the longer term.

Overall trends in tourism since 2002

Figure 2-1: Total tourist spend in London (£ million), 2002 – 2010 (excluding day visitors)¹⁸

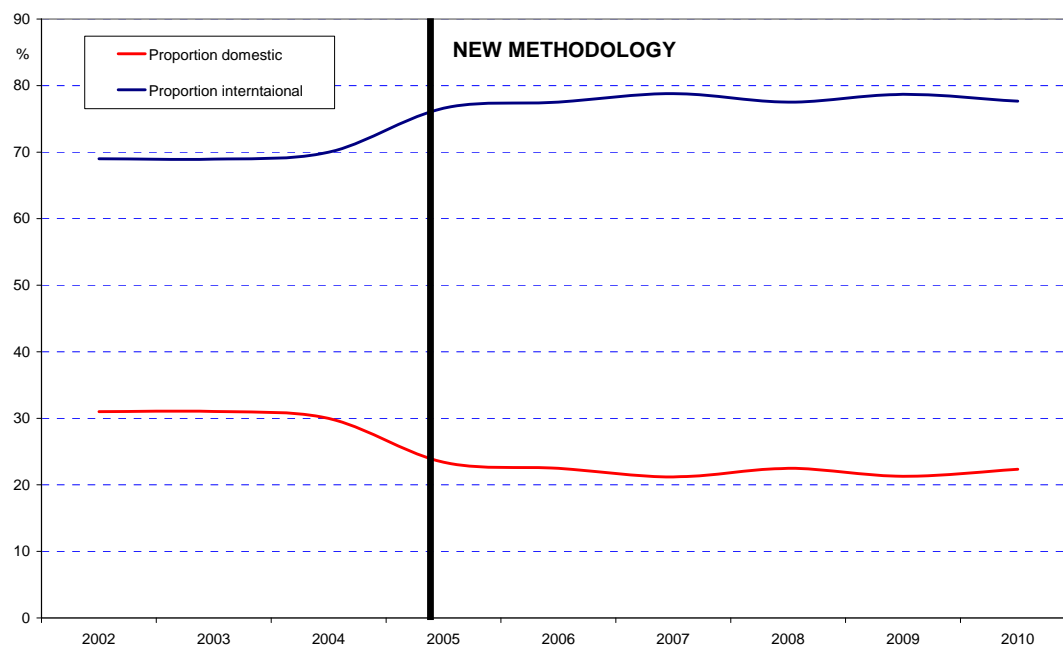


Source: ONS – International Passenger Survey / UK Travel Survey

Aggregate tourism is defined here as international visitors plus domestic overnight staying visitors. As can be seen in Figure 2-1, there has been an overall steady rise in tourism spend although this plateaued between 2007 and 2009 as most of London’s traditional inbound markets were hit by the global recession. There was a strong recovery in 2010 although this was still weakened by the closure of UK airspace following the eruption of the Icelandic volcano, Eyjafjallajökull, and the exceptional winter snow in the final quarter. The proportion of total tourism expenditure accounted for by domestic visitors has fallen steadily as shown in Figure 2-2.

¹⁸ Domestic spend prior to 2005 is not strictly comparable on account of changes to the methodology of the UKTS.

Figure 2-2: Share of tourist spend in London accounted for by domestic and international tourists, 2002 – 2010 (excluding day visitors)



Source: ONS – International Passenger Survey / UK Travel Survey

International tourism and the International Passenger Survey (IPS)¹⁹

The International Passenger Survey is a multi-stage, face-to-face survey with passengers passing through ports and on routes in and out of the UK. It collects information about passengers entering and leaving the UK and has been running continuously since 1961. More than a quarter of a million people are interviewed each year, representing about 1 in every 500 of all people passing through UK airports and ports.

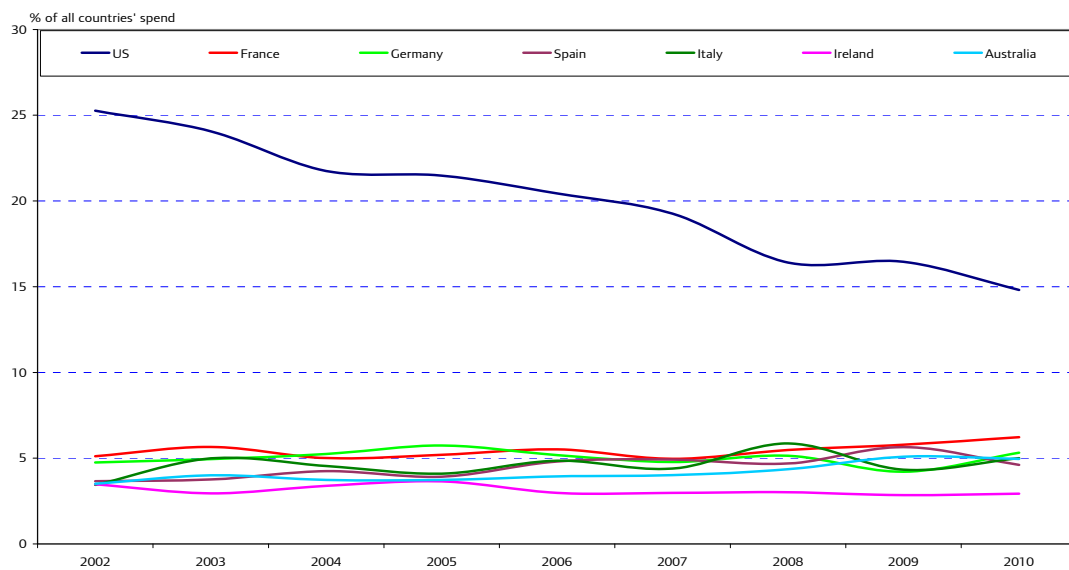
The IPS excludes movements over the land border between Northern Ireland and the Republic of Ireland due to the existence of an agreed Common Trade Area (CTA). It also excludes most of those seeking asylum and their dependents.

Trends in international tourism to London since 2002

The range of countries undergoing this analysis is limited because of lack of continuity in the IPS of countries with a large enough sample. Figure 2-3 shows London's major markets in Europe as well as the US and Australia. It shows a marked decline in the share of spend accounted for by the US from over a quarter in 2002 to under 15 per cent in 2010.

¹⁹ A report detailing the latest annual International Passenger Survey results for London was published in July 2011: *International tourism in London 2010: results for London from the International Passenger Survey 2010* [GLA Economics Current Issues Note 32].

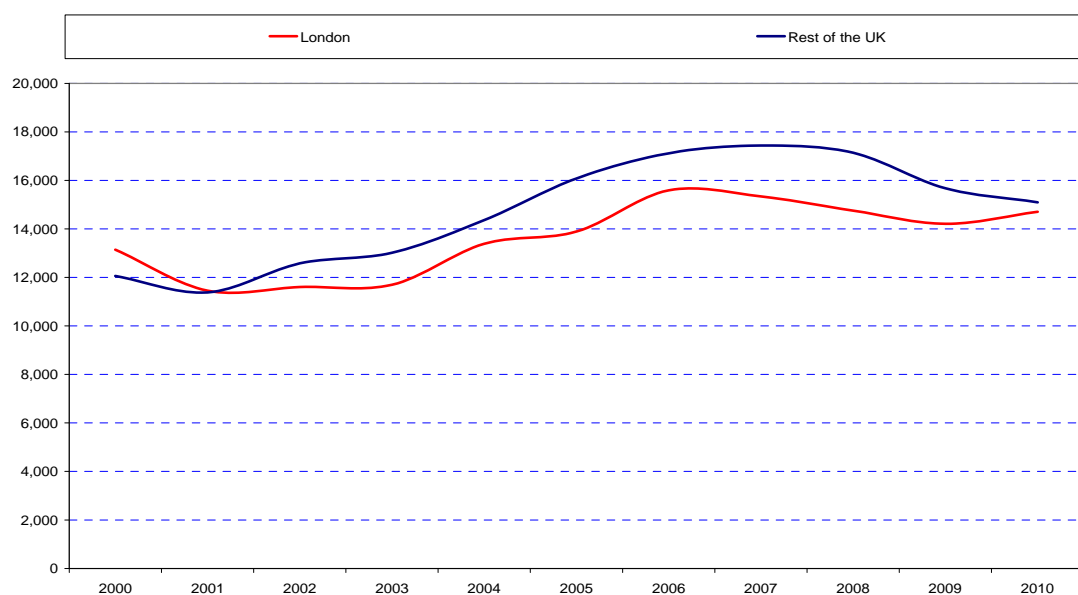
Figure 2-3: Share of total tourist spend in London – selected countries (2002-2010)



Source: ONS – International Passenger Survey detailed data / GLA Economics

In terms of international tourist numbers London appeared to perform well in 2010 with visitor volumes rising whilst falling in the remainder of England, Wales and Scotland. Total annual visits to the capital were up on 2009 by 3.5 per cent to 14.7 million. However, this was in the context of a significant fall in visitor numbers from the capital's 2006 peak as shown in Figure 2-4.

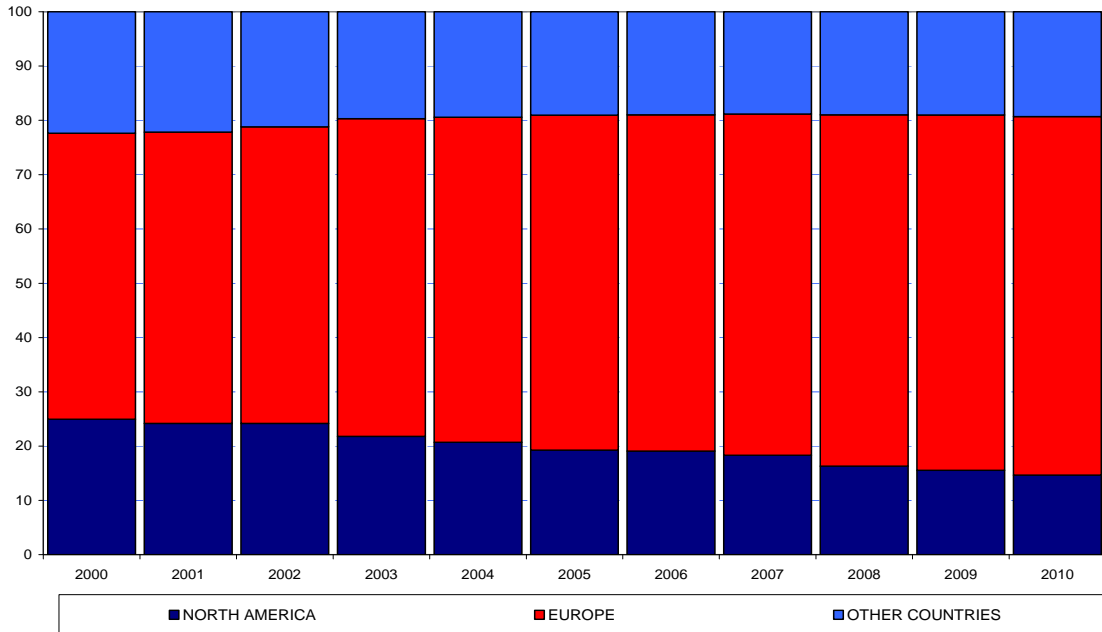
Figure 2-4: All international tourists to London and the rest of the UK since 2000 (thousands)



Source: International Passenger Survey, ONS

One of the key trends in recent years has been the decline of the share of both visitor numbers and spend accounted for by the United States which accounted for a quarter of all international tourism spend in London in 2000. Given that the United States accounts for 90 per cent of the inbound North American market, this has had a profound effect on the broad split of global regions over time. Figure 2-5 shows North American, European and 'other' shares of visitor numbers over the last decade.

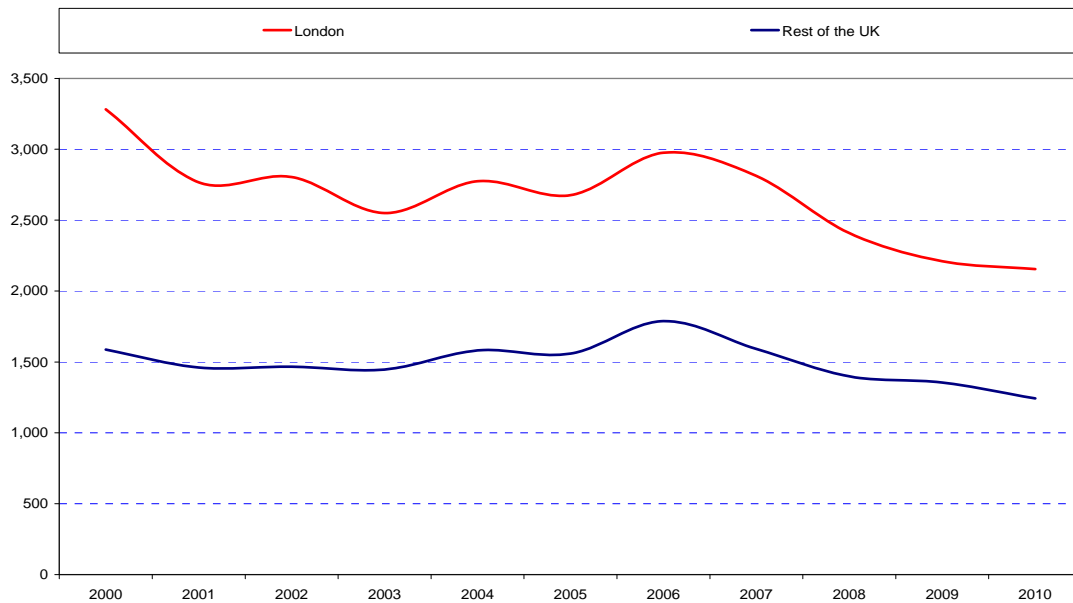
Figure 2-5: Share of London's overseas visits by global region of origin since 2000 (Percentage shares)



Source: *International Passenger Survey, ONS*

Figure 2-6 puts this into an historical trend context.

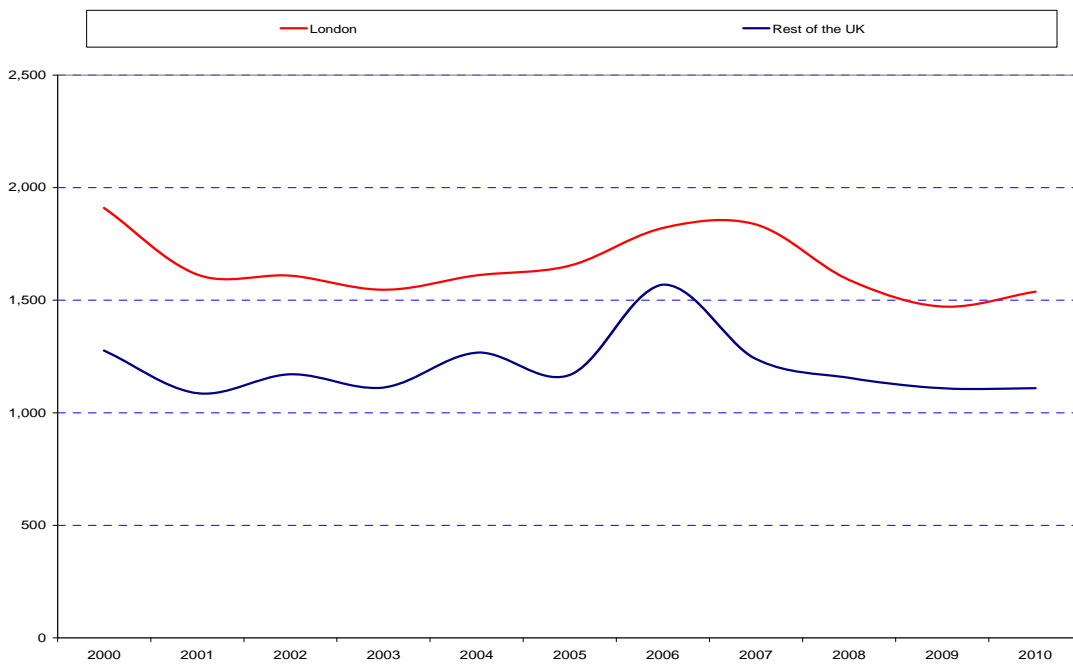
Figure 2-6: North American tourists to London and the rest of the UK since 2000 (thousands)



Source: International Passenger Survey, ONS

A similar pattern is reflected in terms of spend as shown in Figure 2-7.

Figure 2-7: North American international tourist spend in London and 'the rest of the UK' since 2000 (£ million)

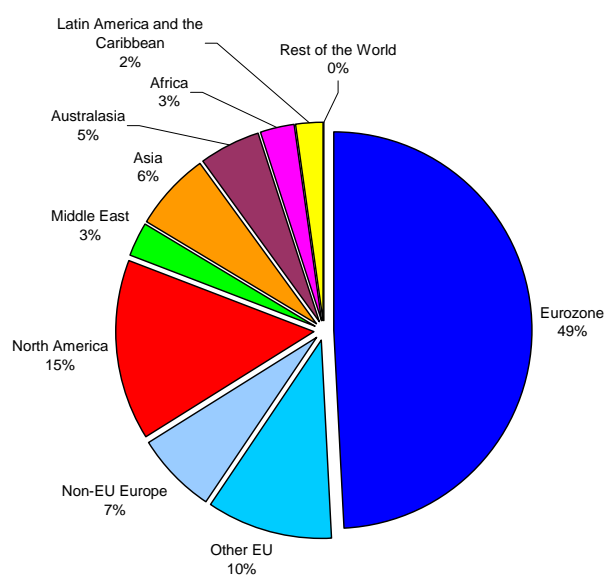


Source: International Passenger Survey, ONS

Global regions – share of visitors

In terms of raw visitor numbers, the countries of the Eurozone are dominant in London’s visitor mix. The Eurozone accounts for nearly half (49 per cent) of London’s visitors and Europe as a whole for nearly two thirds (66 per cent). Furthermore, beyond Europe and North America, ‘Other Countries’ account for only 19 per cent of visitor volumes as shown in Figure 2-8.

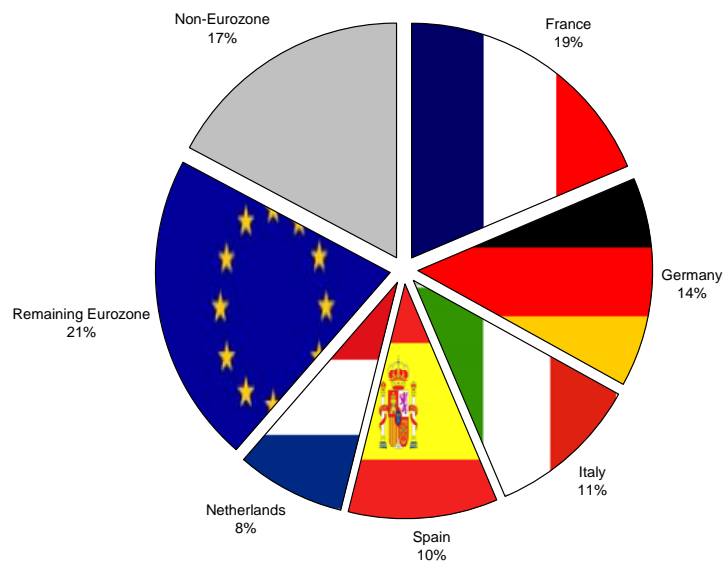
Figure 2-8: Share of international visitors to London in 2010 by global region



Source: ONS – International Passenger Survey detailed data / GLA Economics

Within Europe, France (19 per cent of Europe) and Germany (14 per cent of Europe) have the largest share of visitors to London, followed by Italy (11 per cent of Europe) and Spain (10 per cent of Europe). Visitors from these four countries alone then account for one third (32 per cent) of total visitor volume to London. The four countries named above plus the Netherlands together account for more than 60 per cent of total European visitors to the capital as shown in Figure 2-9.

Figure 2-9: Share of European visitors to London in 2010 by individual country



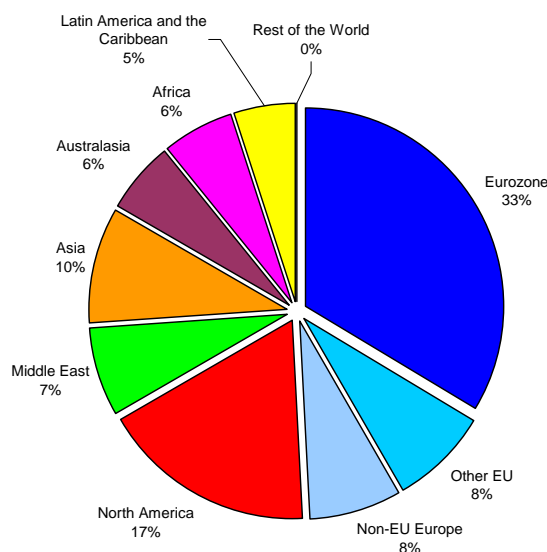
Source: ONS – International Passenger Survey detailed data / GLA Economics

Global regions – share of spend

In spite of growth in new markets and high spends per visitor in some of the new markets, much of London’s tourism spend continues to originate from the twin markets of North America and Europe.

Europe as a whole accounts for nearly half of all overseas tourist spend in the capital (49 per cent) with one third (33 per cent) being from the countries of the Eurozone. Whilst North America’s share has been declining in recent years, it still accounts for 17 per cent. The next largest global region in expenditure terms is Asia with 10 per cent of market share, although high average spend per visitor ensures that the relatively small global region of the Middle East accounts for 7 per cent of total international tourist spend in the capital as shown in Figure 2-10.

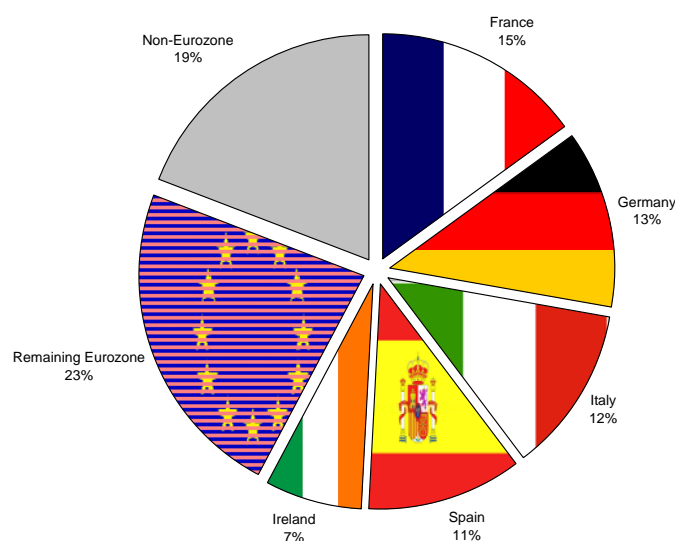
Figure 2-10: Share of international visitor spend in London in 2010 by global region



Source: ONS – International Passenger Survey detailed data / GLA Economics

Note that countries outside the EU account for a higher proportion of spend than they do for visits. Nevertheless, four countries (France, Germany, Italy and Spain) account for half (51 per cent) of European spend in London as shown in Figure 2-11. However, - probably on account of the fact that all of the five largest contributors in Europe to London’s tourism receipts are near neighbours thus making short trips very possible – both the ‘Non-Eurozone’ and ‘Remaining Eurozone’ proportions of European spend are higher than they are for the proportion of European visitors.

Figure 2-11: Share of European spend in London in 2010 by individual country



Source: ONS – International Passenger Survey detailed data / GLA Economics²⁰

Average spend per night

Unfortunately, given the current state of the data, spend cannot be broken down into spend on different types of services and goods. For the purposes of the Local Area Tourism Impacts (LATI)²¹ model this is assumed from an apportionment made in 1997 whereby 34 per cent was on accommodation, 20 per cent on eating and drinking, 27 per cent on shopping, 3 per cent on entertainments and 16 per cent on 'other'. It is not available by inbound domestic market.

When examined on a 'per night' basis, average spend varies considerably by source country. Care has to be taken with small samples in this analysis and therefore where a sample size in the IPS is relatively small or where quarterly data exhibits particularly wild fluctuations, that country has been excluded from the following analysis.

Overall average spend per night in London is just under £97 but the average spend from tourists from countries of the Middle East is nearly £157. In contrast, the average nightly spend from tourists from non-Eurozone EU countries is under £69.

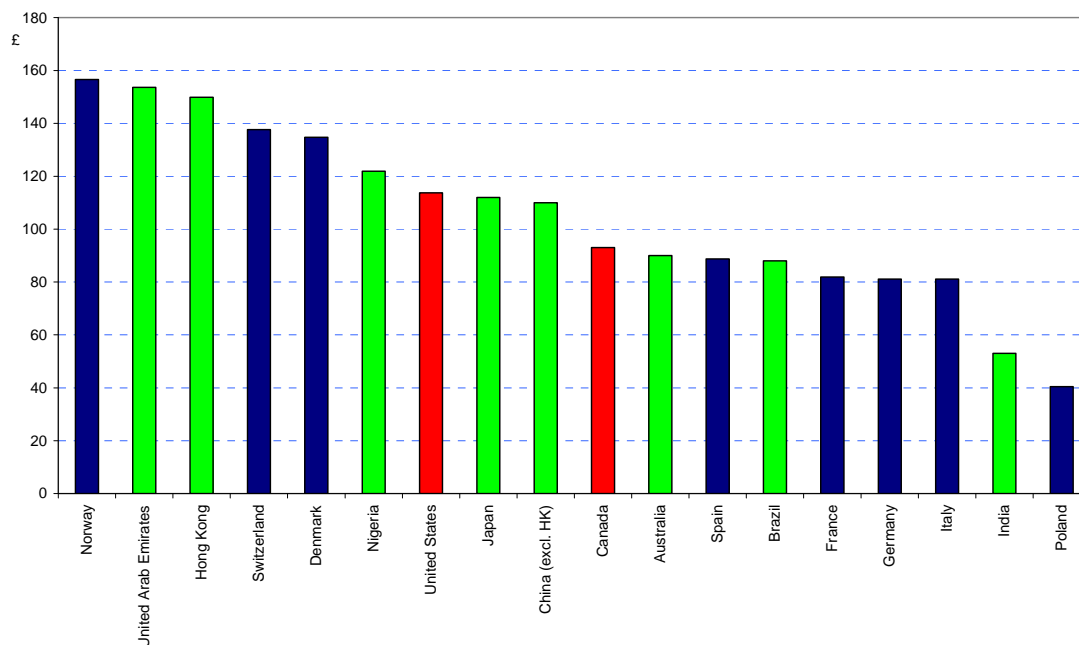
Analysis of the individual country level data shows that countries with the highest spend per night are a mix of European economies and 'newer' markets such as the United Arab

²⁰ Note here that on account of higher spend per visit, the Republic of Ireland's share of total European spend is marginally higher than that of the Netherlands.

²¹ See: <http://www.london.gov.uk/publication/local-area-tourism-impact-model-results-2008-and-2009>

Emirates, Hong Kong and Nigeria as well as the United States and Japan. However, many of the UK's near neighbours in the EU have relatively low spends per night as shown in Figure 2-12.

Figure 2-12: Average spend in London per night by country (2010)

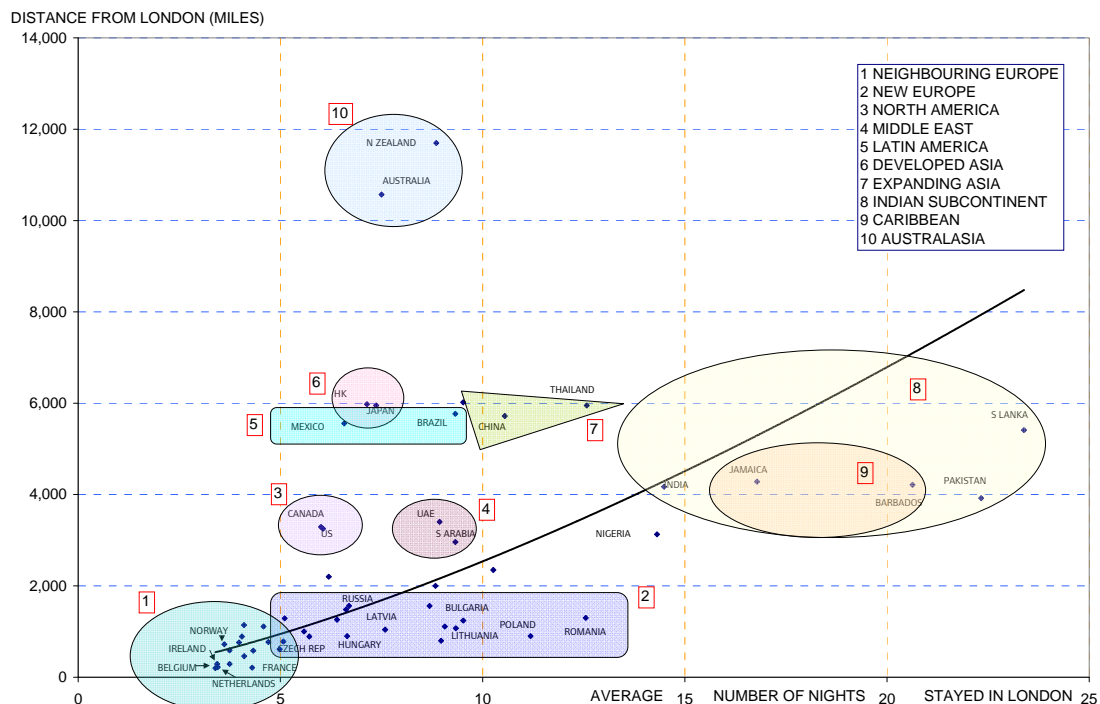


Source: ONS – International Passenger Survey detailed data / GLA Economics
Selected countries only

Dark blue = European countries
Red = North America
Green = Other countries

For some countries, such as the US and Australia, expenditure is higher than might be expected solely on the basis of number of visitors. This is actually intuitive since a short visit from, say, Australia, is far less practical than one from Belgium. The shorter the distance from London a country is, the more possible short trips become. In the crudest of terms this can be demonstrated by plotting the distance of the country's capital or largest city from London against the average number of nights stayed as illustrated in Figure 2-13.

Figure 2-13: Relationship between distance from London and number of nights spent here (Average for years 2008 to 2010)



Source: ONS – International Passenger Survey detailed data / GLA Economics

Figure 2-13 shows that not only is there a relationship between the two but also that exceptions to the rule divide up very much along the lines of global regions. For example, both New Zealand and Australia have far lower average lengths of stay than one would expect solely on the basis of their distance from London. This could be down to the number of flights between the two, competitive pricing and the relative affluence of those economies. Those from the countries of the Indian sub-continent, on the other hand, tend to stay longer than distance might predict. Longer stays than distance would predict are also associated with the countries of Eastern and Central Europe.

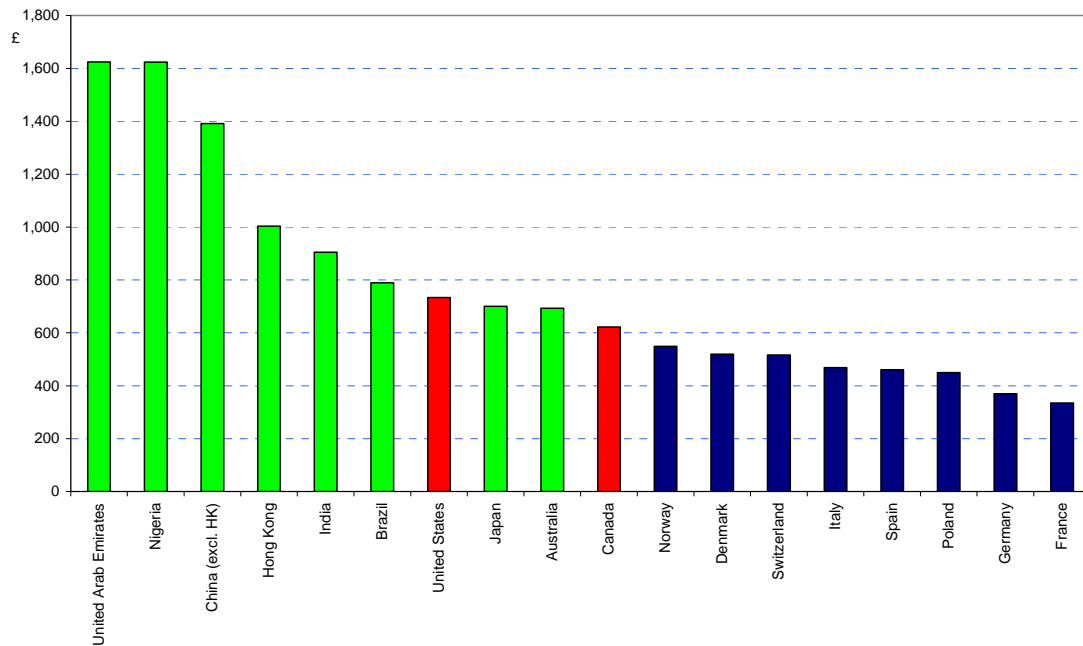
Average spend per visitor

This means that when average spend per visitor²² is examined, a very different pattern emerges with most European countries being pushed down the rankings by the frequency of short trips.

On this measure the highest spend is from countries such as the United Arab Emirates, Nigeria and China whereas the lowest spends are from countries which form the UK's immediate geographical neighbours as shown in Figure 2-14.

²² Average spend is simply the product of the number of days spent here and the average daily spend.

Figure 2-14: Average spend per visitor to London for duration of stays (2010)



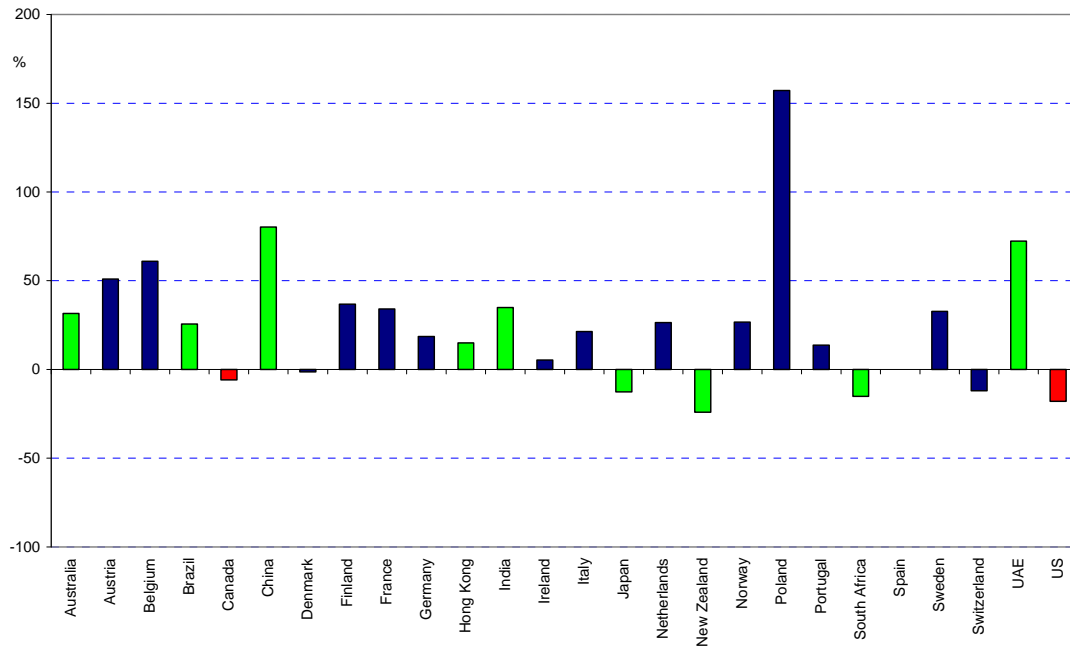
Source: ONS – International Passenger Survey detailed data / GLA Economics
Selected countries only

Dark blue = European countries
Red = North America
Green = Other countries

How have individual markets performed since 2007?

2007 has been chosen as a base on account of the relatively large number of countries for which there are data and for which data are also available in 2010. Growth (including negative growth) in spend is examined by country between 2007 and 2010. Results are shown in Figure 2-15.

Figure 2-15: Growth in spend by country (percentage change 2007-2010)



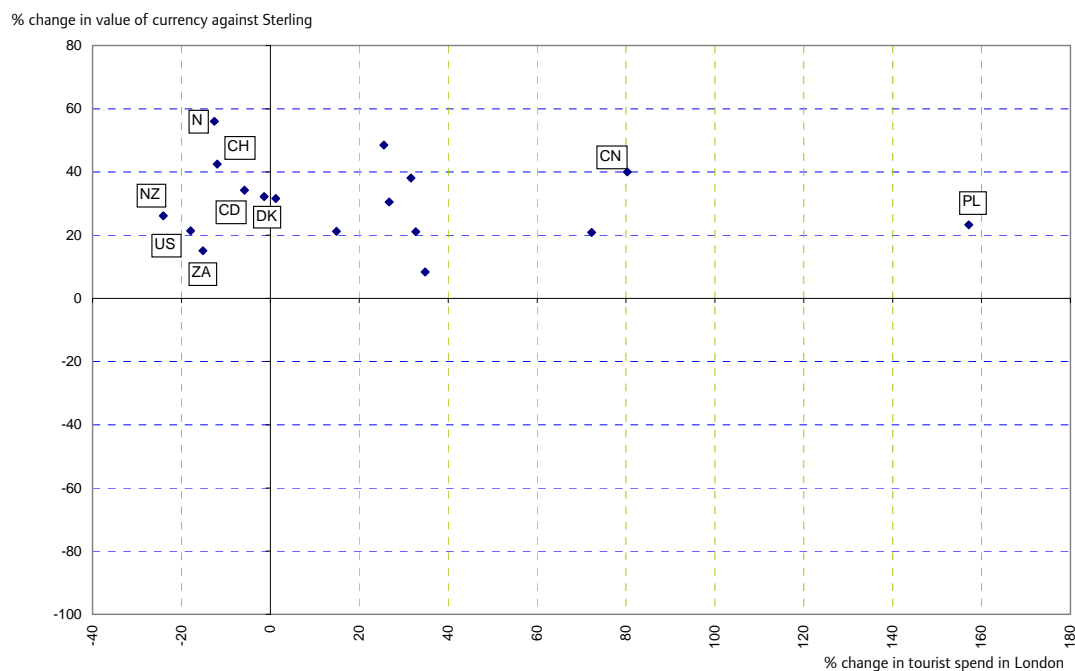
Source: ONS – International Passenger Survey detailed data / GLA Economics
 Dark blue = European countries
 Red = North America
 Green = Other countries

This analysis shows:

1. That by far the biggest decline relative to 'expected' levels of spend has been amongst tourists from the United States.
2. London has done well to attract greater spend from many European countries including France, Germany, the Netherlands, Italy, Spain and some of the Scandinavian countries.
3. Amongst 'Other Countries' there is a mixed picture with London doing well in terms from spend from countries such as Australia, India and the United Arab Emirates but less well with spend from countries such as Japan, New Zealand and South Africa.

A separate analysis was then undertaken to relate changes in spend to changes in foreign exchange rates. No obvious relationship was found as shown in Figure 2-16.

Figure 2-16: Growth in spend by country (percentage change 2007-2010) against percentage change in value of home currency relative to sterling from January 2007 to January 2010



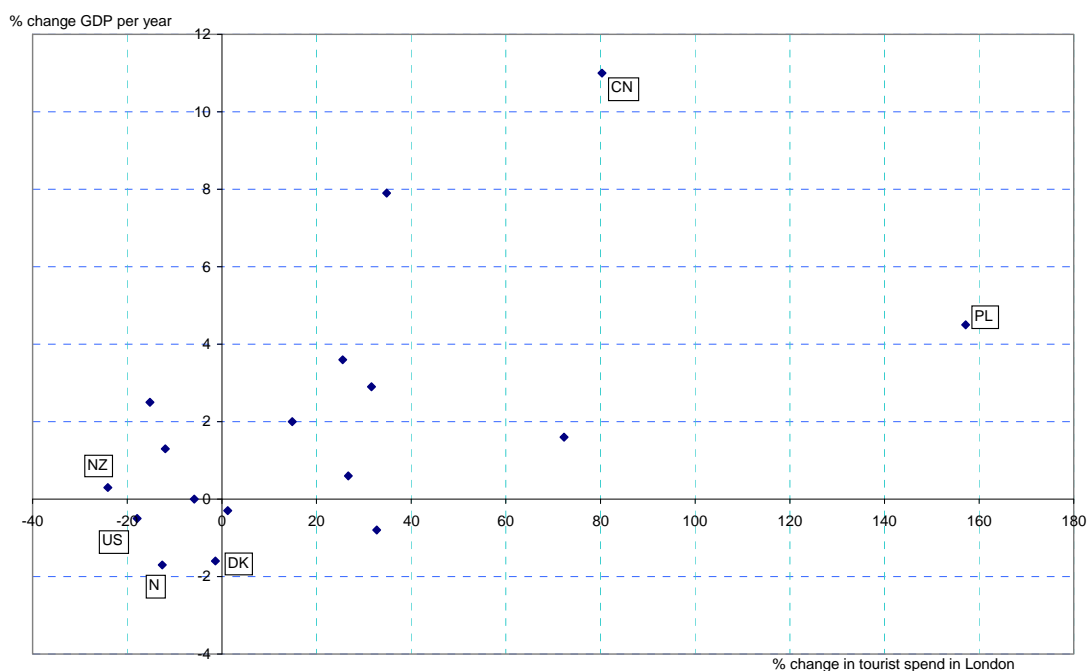
Source: ONS – International Passenger Survey detailed data / XE website / GLA Economics

Initially, the Eurozone countries were included on an individual basis but they were subsequently aggregated. Countries to the left of the Y axis (Denmark (DK), Canada (CD), Switzerland (CH), the US (US), New Zealand (NZ), Japan (N) and South Africa (ZA)) have seen a fall in London tourism spend in spite of an appreciation of their currencies against Sterling.

The relationship with GDP (averaged over three years and on a constant prices basis) was much stronger and statistically significant (even allowing for the very small sample of countries) as shown in Figure 2-17²³.

²³ The theoretical link between GDP growth and currency exchange rates was ignored for the purposes of the analysis.

Figure 2-17: Growth in spend by country (percentage change 2007-2010) against percentage change in GDP averaged over 3 years



Source: ONS – International Passenger Survey detailed data / World Bank / GLA Economics

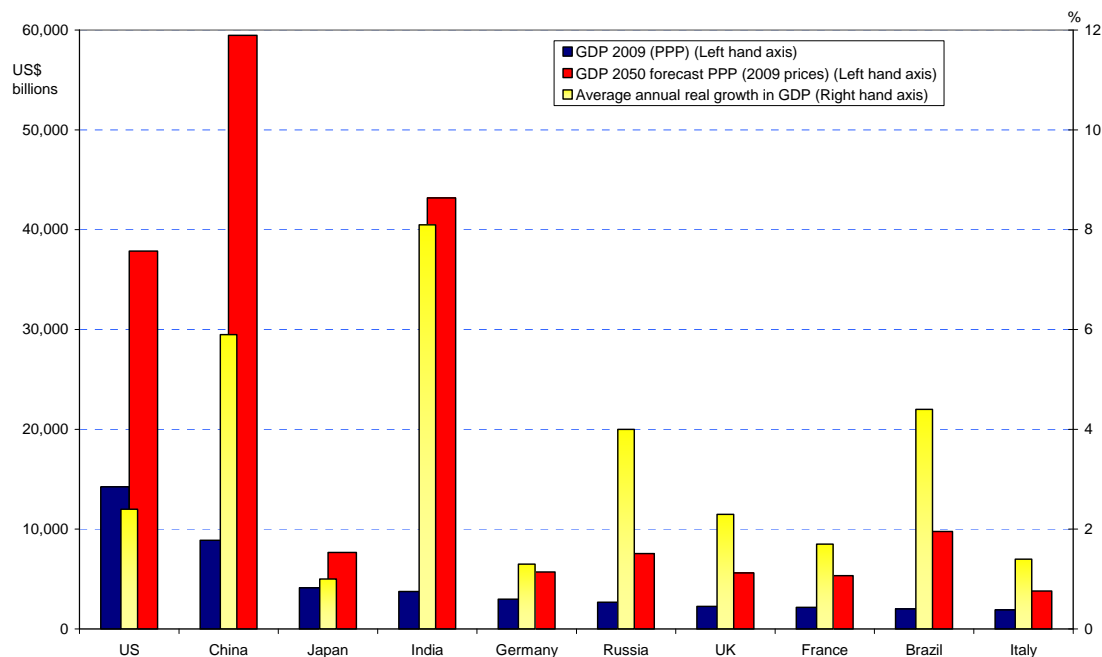
The analysis in this chapter has examined visitor and spend data by country. However, as well as by their national origin, visitors differ widely in their visitor behaviour and spend according to the purpose of their visit. For promotional purposes they may also respond to marketing and advertising very differently. Therefore, the following chapter will examine visits by different purposes whilst maintaining the analysis by country and global region.

London's future markets

Considerable uncertainty surrounds any forecasts of the relative sizes of different economies in the future. However, assuming optimal policies, analysis suggests that emerging economies are set to grow strongly in the medium to long term. To this end PWC has produced some long-term estimates of what different countries' GDP might look like in 2050. Their report looks at GDP expressed in both purchasing power parity terms and market exchange rates. For simplicity, only the first of these is examined here. The results shown in Figures 2-18 from PWC's modelling work for 'The World in 2050' (January 2011) should be seen as reflecting potential growth rather than an actual prediction. It shows the ten largest global economies as of 2009 and how their GDP is expected to grow by 2050 in purchasing power terms. PWC expects the seven largest emerging economies to overtake the G7 sometime before 2020 in PPP terms²⁴.

²⁴ PPP: Purchasing Power Parity: This is an approach to GDP which implies the amount of income would purchase the same basket of goods in different countries – i.e. any specific sum of money has the same purchasing power. Examining GDP on market exchange rates would not do this.

Figure 2-18: Largest global economies in GDP for 2009 and forecasts in PPP for 2050



Source: PWC (2011)

It is important to realise that GDP per capita levels remain lower in the emerging economies even in 2050. In spite of phenomenal growth, India's relative GDP per capita in 2050 is still only expected to be around 28 per cent of that of the United States.

There are implications from this for London's tourism economy as the capital's future tourism markets may be considerably different from its present ones. If PWC's analysis proves to be correct, many of the markets that currently rank within London's top 20 – particularly those in Western Europe but also its largest single market, the US – face a future of relatively restrained GDP growth whilst emerging economies such as China, Brazil, Russia, Mexico and Indonesia are continuing to grow at far more robust rates.

UK tourism as a whole has recognised this. A report in 2010 from Visit Britain²⁵ has estimated that even by 2014 numbers of visitors from China may rise by almost 100,000 – an increase of 90 per cent. However, in terms of visitors from China, London tends to rely on the three main hubs of Hong Kong, Shanghai and Beijing. Furthermore, there are also considerable hurdles to overcome with regard to UK visas – a situation which continues to put London at a disadvantage with respect to Schengen Europe²⁶. For the time being, the numbers of visitors from the emerging economies remains relatively small. Between Brazil, Russia, India and China²⁷ there were 849,000 visitors to the UK in

²⁵ Visit Britain - *Overseas visitors to Britain: understanding trends, attitudes and characteristics (2010)*..

²⁶ The Schengen Area covers 26 European states (and includes three micro-states by *de facto* agreement) and requires the elimination of internal border controls. Amongst the 'older' EU member states only the UK and the Republic of Ireland were not required to implement the Schengen Agreement. Romania, Bulgaria and Cyprus are also outside Schengen.

²⁷ Excludes Hong Kong here.

2010. In comparison the UK received more than 3.6 million visitors from France alone. Visit Britain forecasts that the number of visitors from India will grow by 29 per cent by 2014 with more than 100,000 extra visits²⁸. Numbers of Russian tourists are predicted to increase by 24 per cent and Brazilian visitors by 32 per cent²⁹. The picture in London is already less stark on account of most visitors from BRICs countries tending to visit London. For 2010 there were 667,000 visitors to London from Brazil, Russia, India and China (including Hong Kong) and 952,000 from France.

The income elasticity of London's inbound tourism markets

Generally international tourism is deemed to be a luxury good with income elasticities of demand exceeding 1³⁰. A number of separate studies (such as Witt and Witt (1992³¹)) have shown this with some even suggesting that the true figure might be well above 2.

Crouch (1995³²) demonstrates the income elasticity of demand for tourism varies by global region of origin with Northern Europe, North America, Australasia and the developed nations of Asia exhibiting particularly high income elasticities³³. The exception in that study is Latin America. The same study showed that demand was far more responsive to price changes in the costs of transport and currency exchange rates than it was to marketing and promotional expenditures.

Blake and Cortes-Jimenez (2007³⁴) show that the average income elasticity of demand for inbound tourism is 1.65. Some countries such as the US have exceptionally high income elasticities as shown in Figure 2-19. Business markets are income elastic (1.70) but price inelastic. Domestic holiday tourism is income elastic at 1.15 but less elastic than inbound markets.

²⁸ On a 2009 baseline of 273,000 – a lower number than in recent years. (2010: 371,000 visitors from India).

²⁹ Again these forecasts are against a baseline of 2009. In 2009 there were 137,000 Russian visitors to the UK and 151,000 Brazilian visitors to the UK. Comparable figures for 2010 are 170,000 Russian visitors and 177,000 Brazilian visitors.

³⁰ Income elasticity of demand: the responsiveness of the demand for a good or service to a change in the income of those demanding that good or service (at the margin).

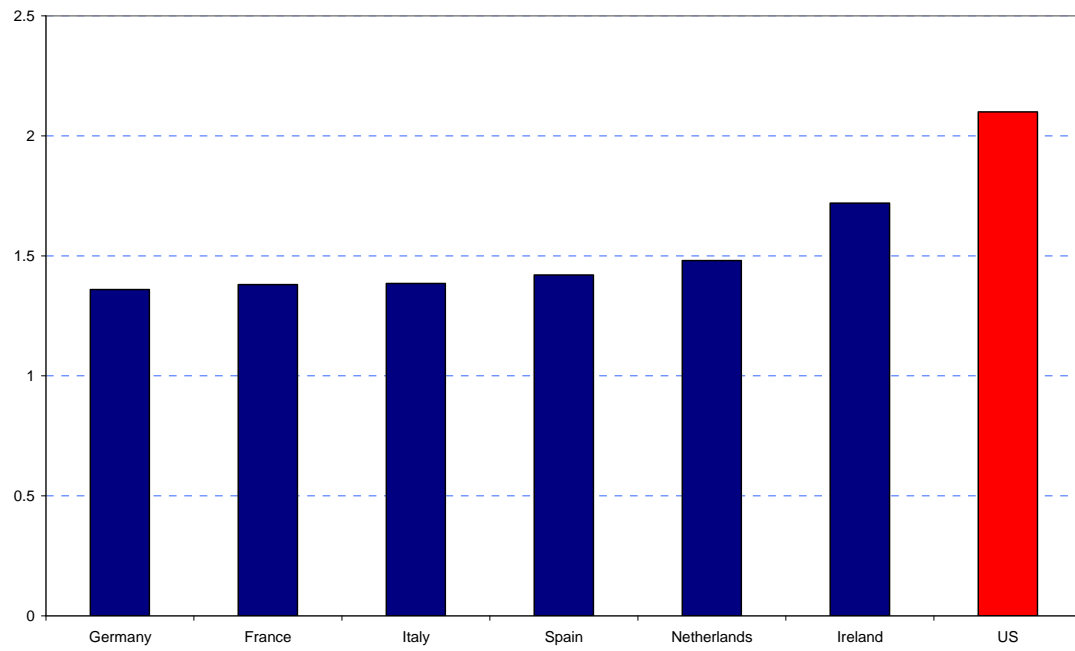
³¹ *Modeling and forecasting demand in tourism* (1992).

³² *A meta-analysis of tourism demand in Annals of tourism research*, Vol. 22.

³³ For example, Northern Europe (2.06), Mediterranean Europe (1.67), North America (2.74) and Developed Asia (4.45).

³⁴ *The drivers of tourism demand* (Nottingham University for DCMS).

Figure 2-19: Income elasticity of demand for London's main inbound markets



Source: Blake and Cortes-Jimenez / GLA Economics

Chapter 3 - The purposes of visits to London

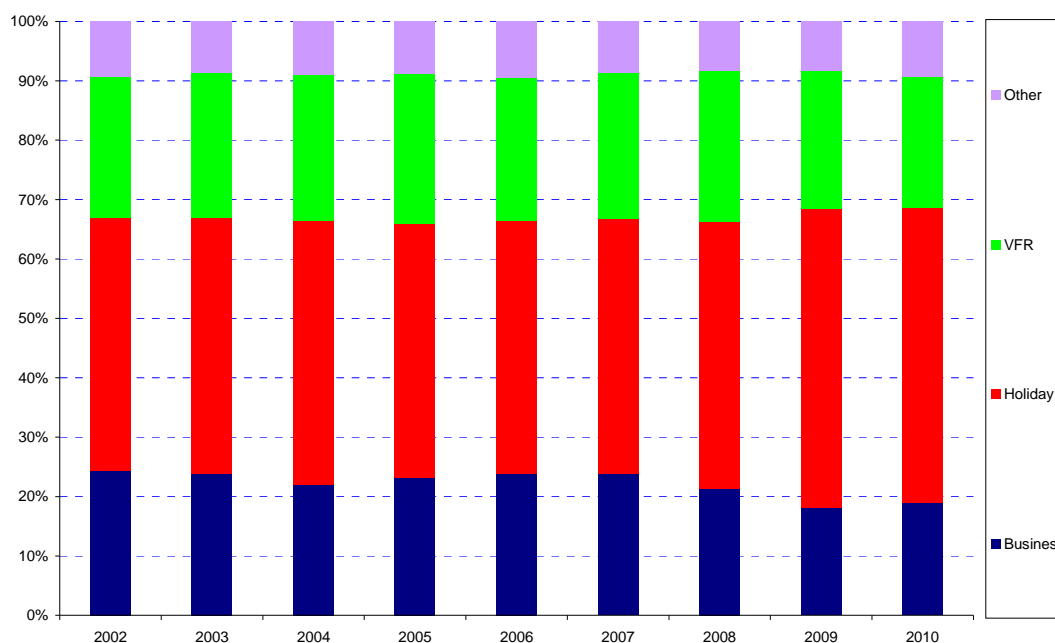
Definition of 'tourism purpose'

Purpose of visit is usually broken down into one of five categories: business, holiday, visiting friends and relatives (VFR), study and 'other'. The first three of these will be examined in more detail for London in this chapter. For the first time in 2010 the category 'Study' was amalgamated with 'Other' into 'Miscellaneous'.

Changes in the IPS time series by purpose

The results of the IPS between 2008 and 2009 show a marked shift in the share of London tourism by purpose of visit with a notable switch from business visitor spend to holiday spend. Between 2008 and 2009 the proportion of total tourism spend accounted for by holiday tourism jumped from 39 per cent to 47 per cent whilst business spend fell from 32 per cent to 24 per cent. Whilst VFR and business tourist numbers fell between 2008 and 2009, holiday visitors to London actually increased by over half a million. Business tourist spend as a proportion of all spend subsequently recovered in 2010 to reach 26 per cent but is still well beneath its pre-2009 share as shown in Figure 3-1.

Figure 3-1: Spend in London by purpose of visit, 2002 – 2010



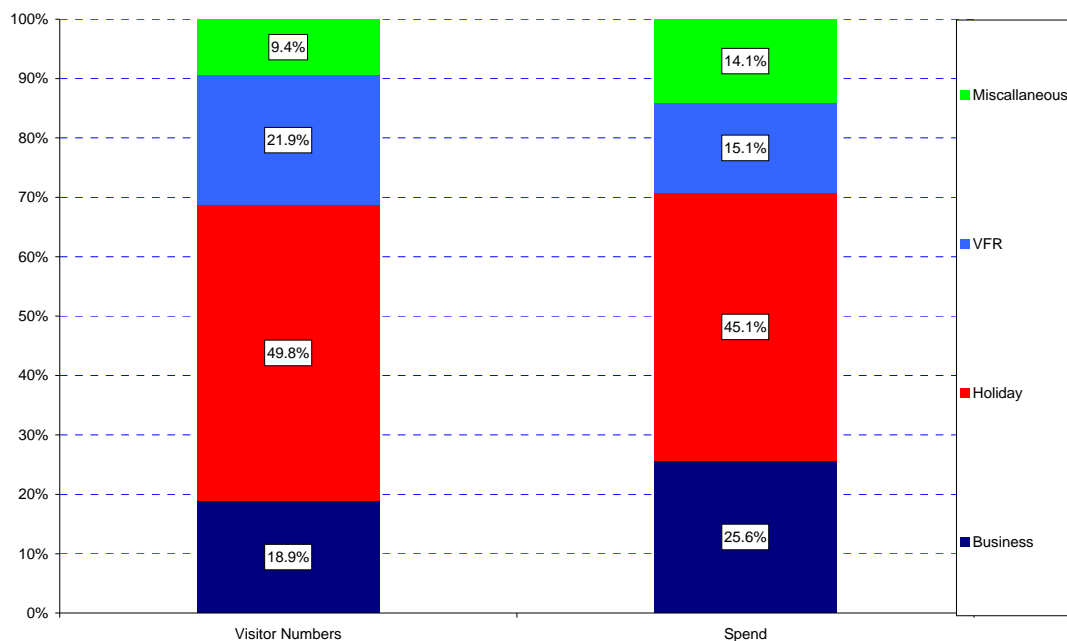
Source: International Passenger Survey, GLA Economics calculations

Note: Prior to 2010, 'Miscellaneous' was actually provided to London as 'Study' and 'Other'. Study represented between 35 and 47 per cent of what is now 'Miscellaneous'.

On account of the fact that the average daily spend for business visitors is so much higher, even allowing for the fact that business tourists tend to stay for a shorter period of time, the business visitor is a higher value visitor than leisure tourists. Those coming

to London for study tend to stay for much longer periods of time than typical business tourists or holidaymakers (and something similar also applies to VFR). The relative importance of different types of visitors by purpose within visit numbers and spend is shown in Figure 3-2. For example, holidays account for 50 per cent of the number of visits and 45 per cent of spend.

Figure 3-2: Share of London visits and spend by purpose, 2010

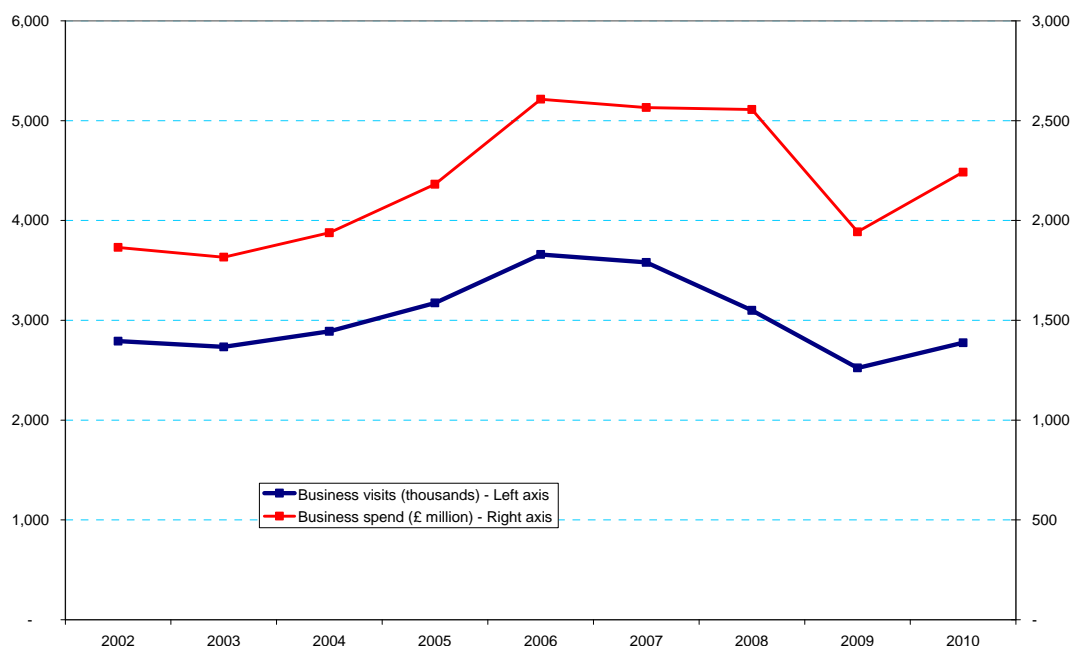


Source: International Passenger Survey, GLA Economics calculations.

Business tourism

The recession hit London in terms of business tourism but the number of business tourism visits has actually been declining since a 2006 peak. Between then and 2009 there was a 31 per cent fall in both business visits and business nights. Spend from the business component of tourism has fallen slightly less sharply with a 25 per cent fall and held up more during the early years of the decline. Data for 2010 shows a recovery with spend increasing by 15 per cent and visits being up by 10 per cent as shown in Figure 3-3. However, in spite of this rapid growth, business tourism has not recovered to its pre-recession levels.

Figure 3-3: Business visits and spend in London, 2002 – 2010



Source: International Passenger Survey, GLA Economics calculations

Closer analysis of the business tourism spend data suggests that the US is by far the most important market, accounting for nearly one quarter of all business tourism expenditure and around one in six of all business visitors to London. After the US a number of European countries, India and Australia all account for between 2 and 5 per cent of expenditure as shown in Figure 3-4. It should be noted that the ranking of these countries tends to vary quite substantially from one year to the next³⁵.

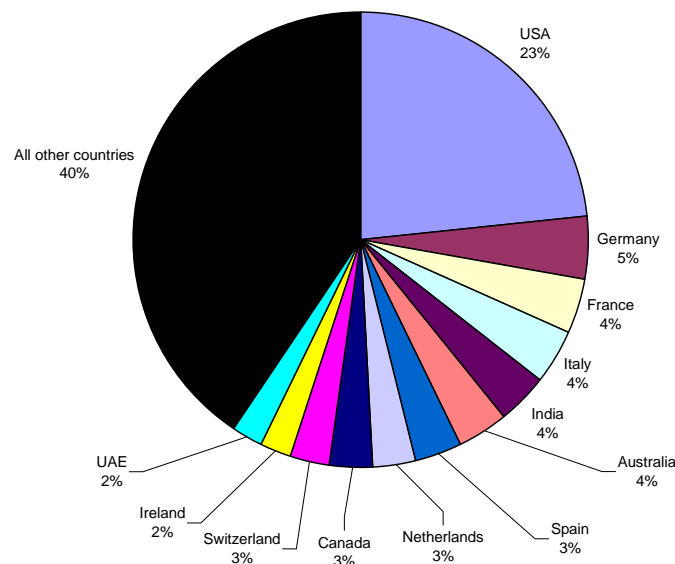
Business expenditure by country 2008 - 2010

On account of the fact that the ranking of countries tends to vary between one year and the next, all shares of expenditure have been averaged over the three year period 2008 to 2010. No account has been taken in this analysis for changes in prices over the period.

The US is by far the most important business market, accounting for nearly a quarter (23 per cent) of all business expenditure and around one sixth (16 per cent) of all business visitors to London. After the US a number of EU countries, India and Australia all account for 4 or 5 per cent of global expenditure as shown in Figure 3-4.

³⁵ Indeed, the IPS contains 'outliers' which, if included in an analysis, may distort the overall picture. The 2010 IPS data include unlikely looking results for Mexico in the second quarter driven by a Mexican property purchaser being picked up by the survey. Therefore, Mexico has been excluded from the analysis.

Figure 3-4: Percentage share of business visitor spend in London by country of origin, 2008-2010



Source: International Passenger Survey, GLA Economics calculations

In total Europe accounts for 43 per cent of business spend in London over the three year period, 35 per cent from EU members.

The countries with the highest spends per business tourist visit (over the three year period) are concentrated in the Middle East and the developing countries more generally as shown in Table 3-1. For reference the average spend in London across all purposes across all countries was £599. However, the average spend per business visitor across all countries was £798 - far higher than for holiday visits. Barbados has been excluded from the results on account of an unreliable sample size even on the basis of a three year period.

Table 3-1: Highest per business visitor spends by country³⁶

Country	Annual spend per visitor (£)
Cyprus ³⁷	2,581
Nigeria	1,971
Saudi Arabia	1,912
Sri Lanka	1,510
United Arab Emirates	1,509

Source: International Passenger Survey, GLA Economics calculations

³⁶ Note that this is a simple average over the three year period. No attempt had been made to account for price changes over the period.

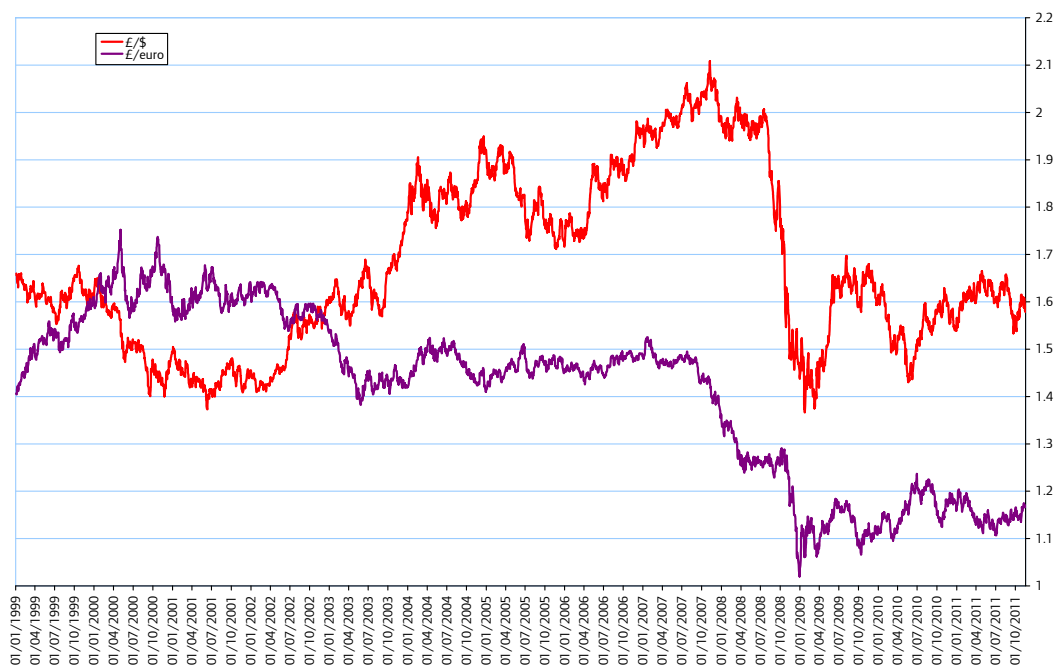
³⁷ The figure for Cyprus is based on a sample of 53 business visitors to London over the period.

Some Eastern European countries and the UK's immediate continental neighbours (such as Belgium and France) have the lowest spends per visit. In the case of the latter this is accounted for by the short length of stay.

Holiday tourism

Fortunately, the trend in holiday tourism visits in London (and note here that the IPS is limited to international tourists) has continued to be upwards although holiday visitor numbers were actually broadly stable between 2006 and 2008. In particular, the decline of Sterling relative to a basket of other major global currencies seems to have stimulated a marked increase in holiday visitor spend in 2009 which has slowed somewhat but continued increasing in 2010. Holiday visitor numbers have continued to increase steadily. The decline of Sterling against both the US Dollar and the Euro is shown in Figure 3-5.

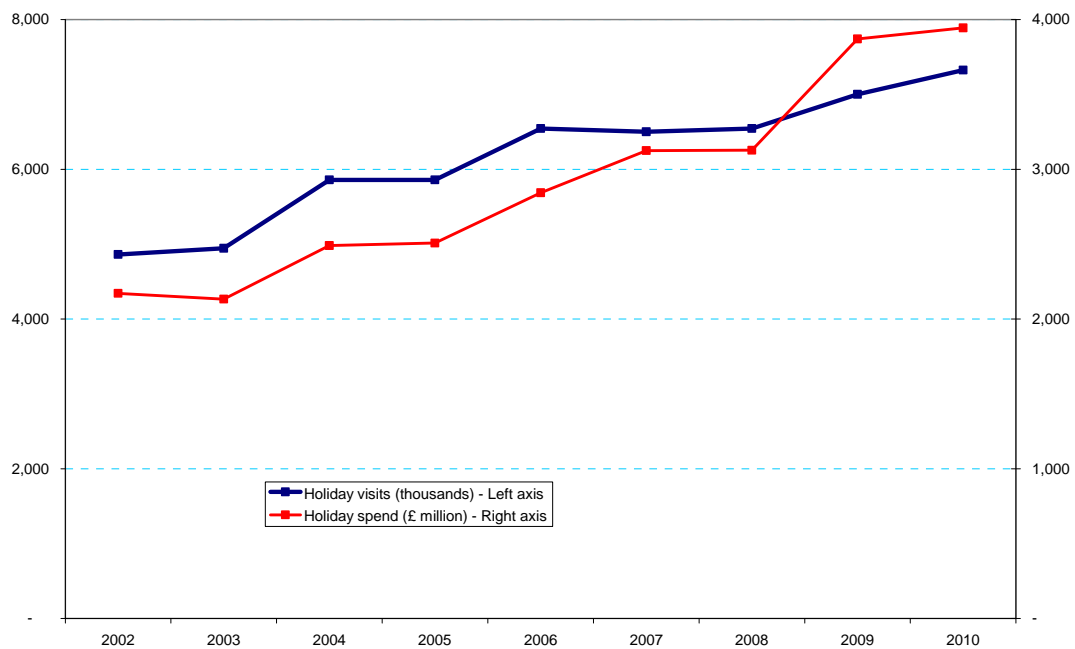
Figure 3-5: Sterling exchange rate against the US Dollar and Euro, 2002 – 2011



Source: Ecwin

Figure 3-6 shows the effect that the decline in Sterling value is likely to have had on spending power in London of holiday visitors as foreign tourists 'get more for their money'. For every business visitor to London in 2010, there were 2.6 visitors in the capital on holiday. However, on account of the fact that average business visitor spend is higher, for every £1 spent by business visitors, £1.76 is spent by holiday visitors.

Figure 3-6: Holiday visits and spend in London, 2002 – 2010

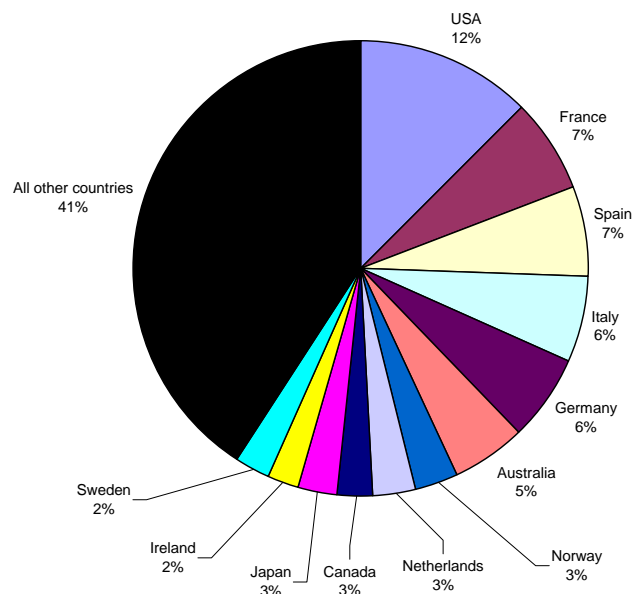


Source: International Passenger Survey, GLA Economics calculations

Holiday expenditure by country 2008 - 2010

Although the US is still the largest country in terms of holiday visitor spend, it only represents about half the proportion it does of business tourism expenditure (i.e. 12 per cent instead of 23 per cent). Furthermore, the combined shares of France, Spain, Italy and Germany account for more than twice the US' proportion as shown in Figure 3-7.

Figure 3-7: Percentage share of holiday visitor spend in London by country of origin, 2008-2010



Source: International Passenger Survey, GLA Economics calculations

In total 52 per cent of holiday visitor spend over the three year period came from European countries, 46 per cent from EU member states.

Again, the countries with the highest spends per visitor tend to be in the Middle East and the developing economies more generally as shown in Table 3-2. The countries with the lowest figures for spend per holiday visitor tend to be our nearest neighbours in Europe on account of a high number of relatively short visits plus visitors from Hungary.

Note that on account of data peculiarities in Quarter 2 of 2010, Mexico has been excluded from this analysis as, even averaged over three years it still tops the holiday expenditure per visitor.

Table 3-2: Highest per holiday visitor spends by country

Country	Annual spend per visitor (£)
Saudi Arabia	1,965
United Arab Emirates	1,960
Egypt	1,503
Nigeria	1,406
Pakistan	1,222

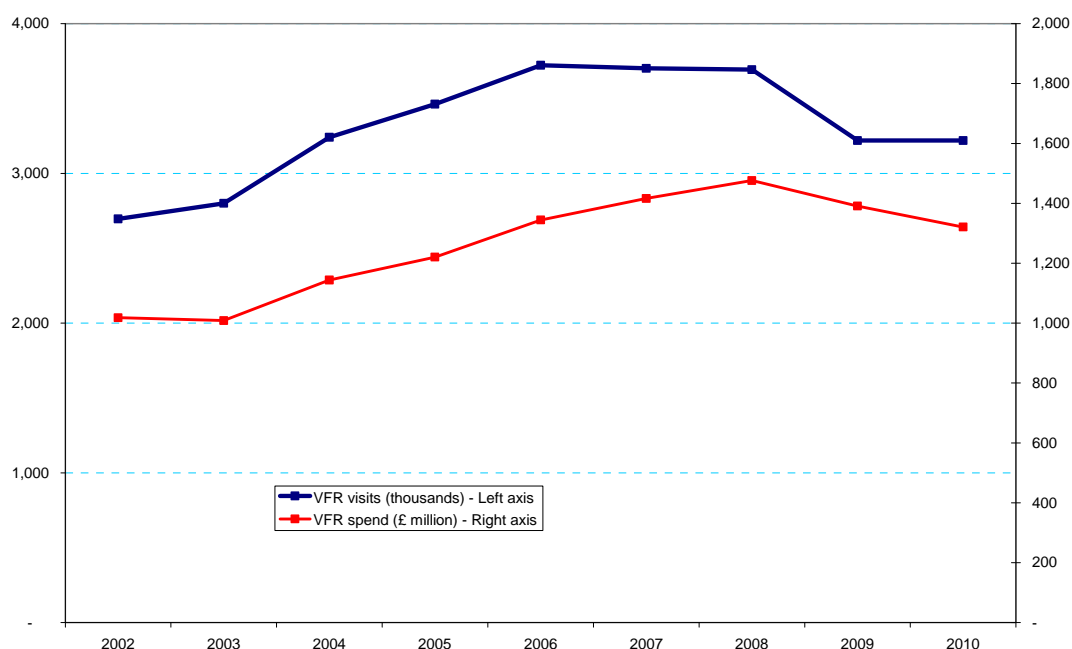
Source: International Passenger Survey, GLA Economics calculations

For reference, average holiday spend per visitor over all countries was £519 – lower than the £599 comparable figure for all purposes. This reflects the high proportion of short stay, lower value visitors from much of Europe.

Visiting friends and relatives (VFR)

The third major component of international tourism (but second in importance in terms of spend) is visiting friends and relatives. This also stagnated in terms of visit numbers between 2006 to 2008 although spend continued to show relatively consistent increases. However, 2009 saw a marked fall in VFR visits and a less marked fall in VFR spend. VFR visits were absolutely static between 2009 and 2010 although spend continued to fall slightly as shown in Figure 3-8.

Figure 3-8: VFR visits and spend in London, 2002 – 2010



Source: International Passenger Survey, GLA Economics calculations

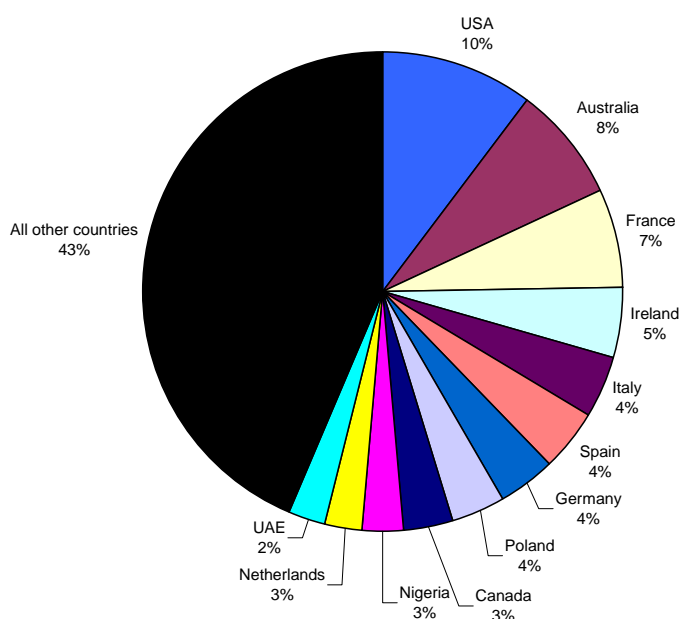
VFR visits tend to be quite discretionary in nature and are booked later. This makes them more susceptible to economic downturns.

VFR expenditure by country 2008 - 2010

Figure 3-9 shows that in terms of VFR spend in London, the US is again the largest market (10 per cent). Australia has the second greatest VFR spend over the period (8 per cent), followed by France (7 per cent) and Ireland (5 per cent). It is also worth noting that the internal patterns of spend within VFR are likely to be very different from

other sub-categories on account of the fact that there is often no need for accommodation spend amongst this category of visitor.

Figure 3-9: Percentage share of VFR visitor spend in London by country of origin, 2008-2010



Source: International Passenger Survey, GLA Economics calculations

In total 50 per cent of VFR visitor spend in the capital was from visitors from European countries (44 per cent from EU member states).

Some Middle Eastern and North African countries alongside Nigeria have the highest spends per VFR visitor as shown in Table 3-3. Note here that Morocco and Barbados were removed from the analysis on account of their very small sample sizes although both had high spends per visitor. Mexico was also excluded.

Table 3-3: Highest per VFR visitor spends by country

Country	Annual spend per visitor (£)
Saudi Arabia	2,423
Nigeria	1,516
Egypt	1,028
UAE	966
Russia	821

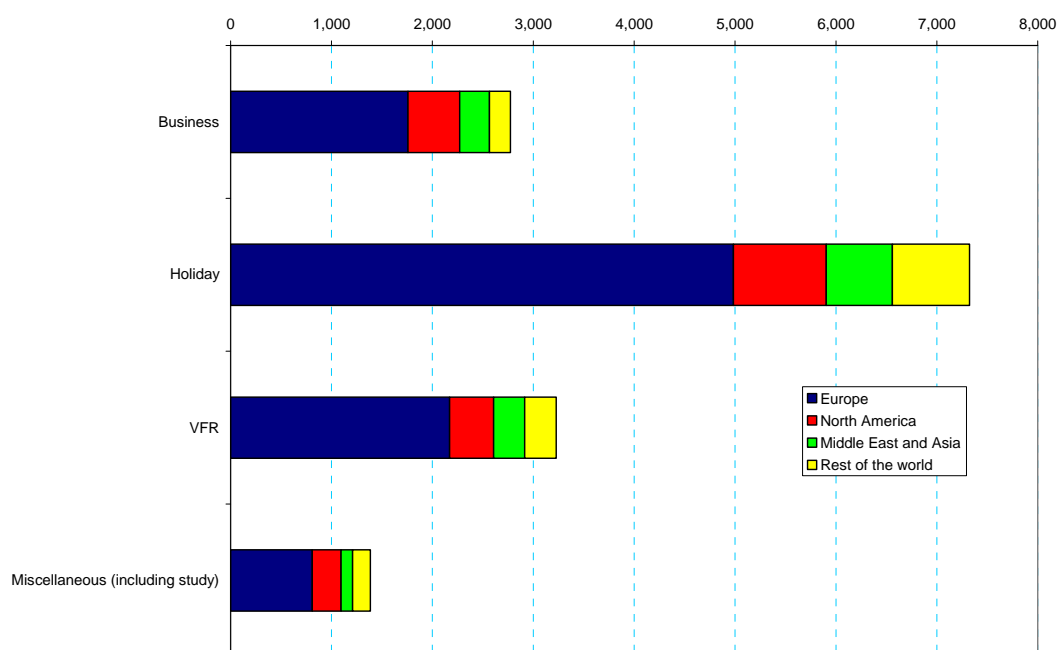
Source: International Passenger Survey, GLA Economics calculations

The lowest spends per visit tend to be from immediately neighbouring countries (France, Ireland, Germany, the Netherlands and Belgium) and some Central European countries (Hungary, Estonia, Czech Republic, Slovakia and Poland). For all these countries average spend was in the range of £220 to £290. For reference, the average spend per visitor in the capital for VFR purposes was £411. Unsurprisingly, given that it reflects the frequent lack of need for accommodation spend, this was the lowest of any purpose.

Visitor numbers and spend by purpose by broad global region

As shown in Figure 3-10 in terms of visitor numbers, European visitors dominate in all categories but proportionately are least dominant amongst holiday visitors.

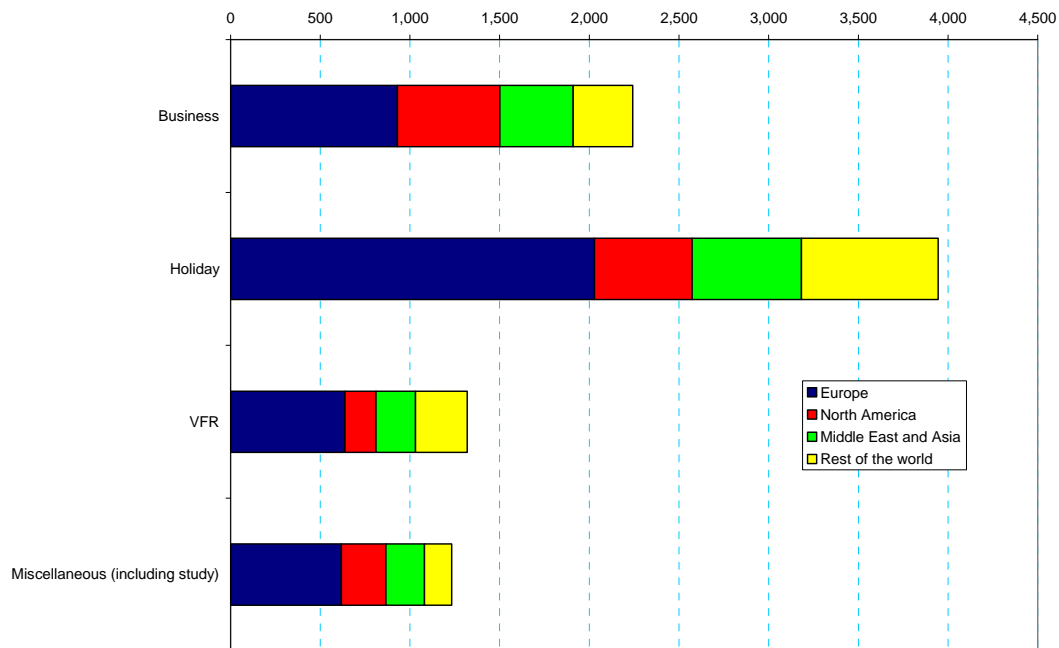
Figure 3-10: International visitor numbers (thousands) to London by region by purpose, 2010



Source: International Passenger Survey, GLA Economics calculations.

Business expenditure is not only higher relative to the proportions of visitor number but is also less focused on Europe as shown in Figure 3-11. The share of holiday spend from the 'Middle East and Asia' and the 'Rest of the world' is far greater than for their share of visitor numbers.

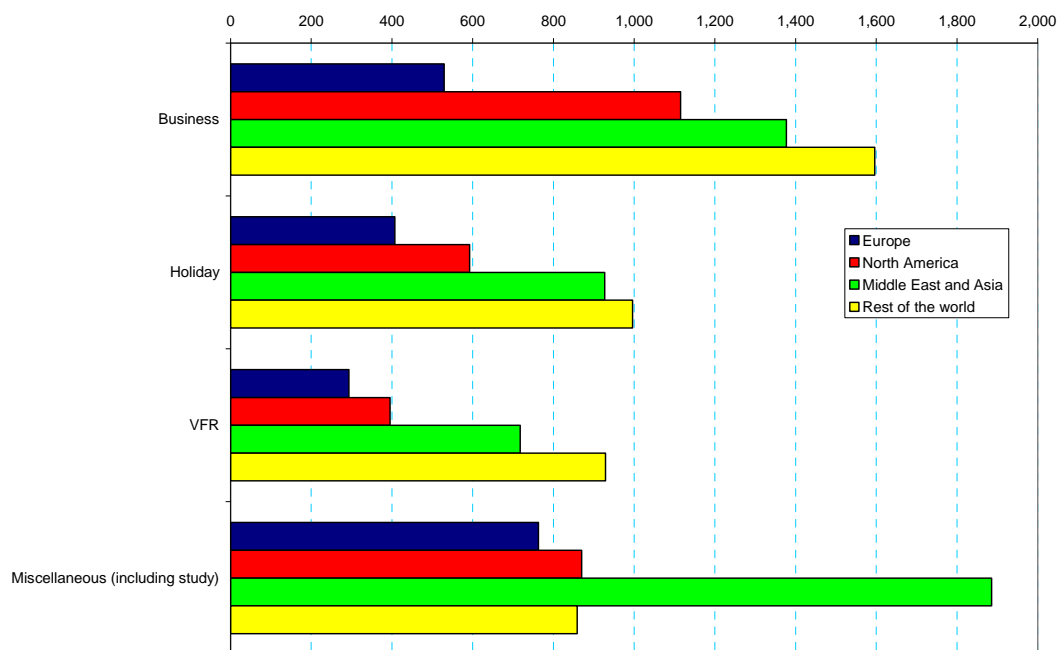
Figure 3-11: International visitor spend (£ million) in London by region by purpose, 2010



Source: International Passenger Survey, GLA Economics calculations.

Figure 3-12 shows average spend per visitor by region. Unsurprisingly, business expenditure per visitor is higher than holiday expenditure per visitor for all regions.

Figure 3-12: Average spend per visitor by broad global region, 2010 (£)



Source: International Passenger Survey, GLA Economics calculations.

However, note how the variation in average visitor spend by purpose is far lower amongst European visitors (as a whole) than it is amongst North American visitors.

Spend from VFR visitors exhibits very divergent patterns according to global region with Europeans spending less than one third of that which is spent by visitors from the 'Rest of the world'. There is also a very mixed picture within the 'Miscellaneous' category. Within this, European spend per visitor is higher than for either business trips or holidays. However, for North Americans spend per visitor is lower than amongst business visitors. This probably reflects differences in what types of visitors these actually are since far from all are here for study – the 'other' category was significant in size prior to amalgamation.

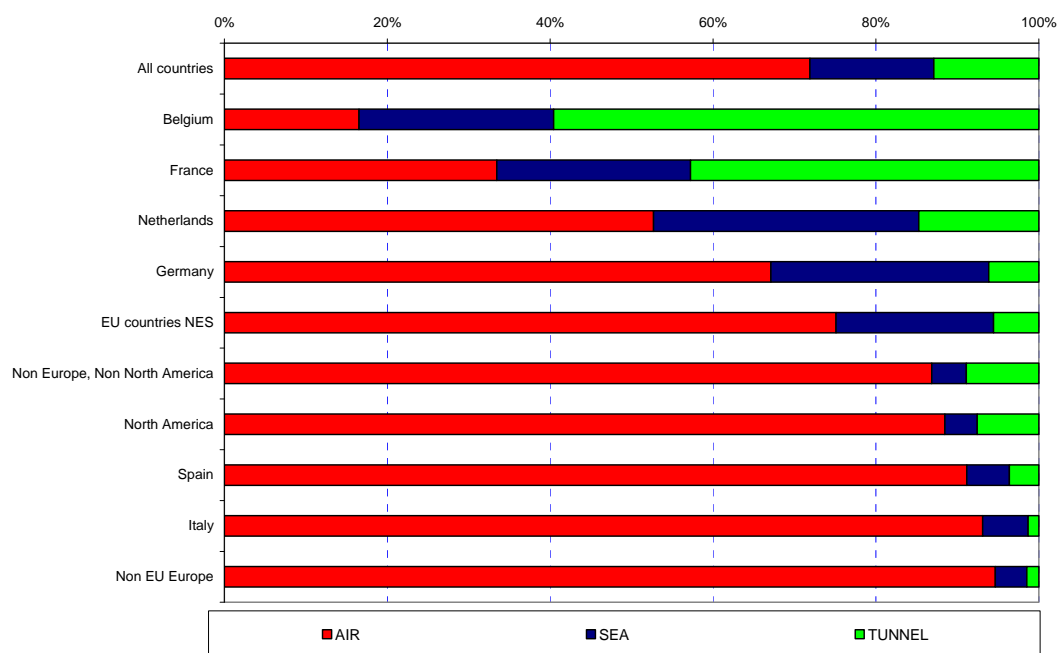
Note that a full analysis of the quarterly trends in London's International Passenger Survey data appears in Appendix 1.

Chapter 4 - Mode of arrival for international visitors

Note that these data relate to arrival in the UK and not necessarily London.

Figure 4-1 shows the mode of arrival into the UK in 2010 by major inbound market.

Figure 4-1: Proportion of arrivals by mode by origin state of tourists (2010)



Source: *International Passenger Survey*³⁸

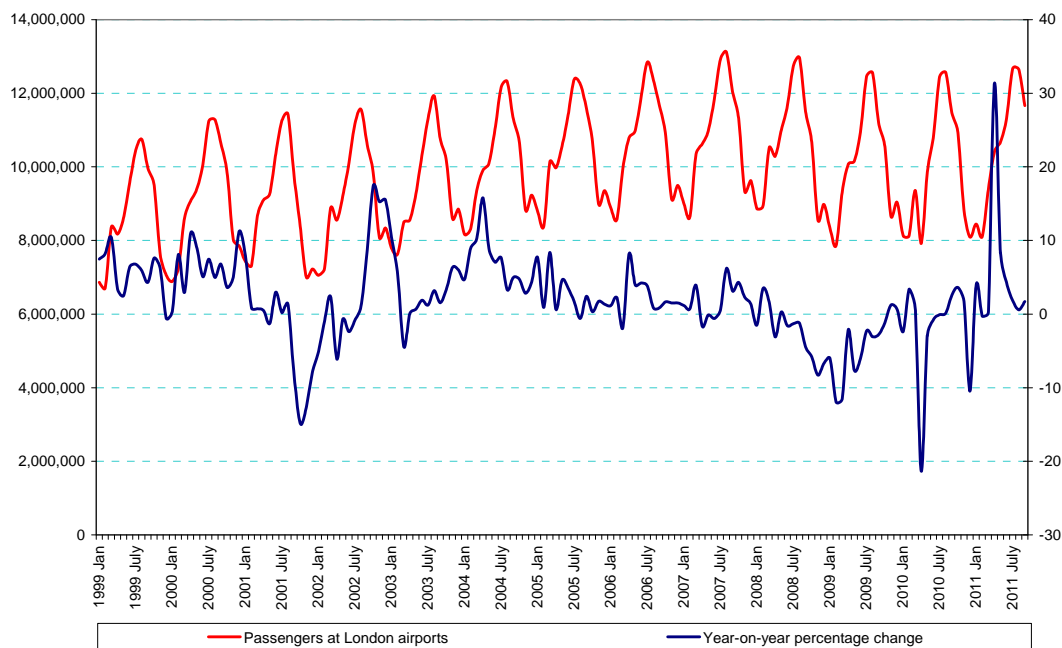
Seventy two per cent of all arrivals are by air. Of the remainder, 15 per cent arrive by sea and 13 per cent via the Channel Tunnel. This varies markedly by country but not always in an intuitive way. Therefore, with regard to tourists from Belgium, the majority (60 per cent) arrive by Tunnel. In contrast 93 per cent of tourists from Italy arrive by plane and the proportion from non-EU countries tends to be even higher. However, there are notable exceptions even within this – for example, 42 per cent of Poles arrive either by sea or through the Tunnel.

The data are broken down according to state of origin and therefore a lower proportion of North Americans arrive by plane than might be expected presumably because some of them have been spending part of their tourist visit in another European country.

The Civil Aviation Authority collects data on passenger numbers at UK airports and GLA Economics aggregates Heathrow, Gatwick, Stansted and City Airport numbers each month.

³⁸ EU Countries NES (Not Elsewhere Specified): All EU countries other than Belgium, France, Netherlands, Germany, Spain and Italy.

Figure 4-2: Passengers at London airports each month and annual change in numbers



Source: Civil Aviation Authority / GLA Economics

Note that 'London airports' here excludes London Luton and London Southend

Between 1999 and 2007 the annual summer peak increased every year. However, the financial crisis of 2008 lowered overall numbers so that the winter trough dropped from 8.9 million to 7.9 million and the summer peak from over 13 million to little more than 12½ million. Since then there has been a slight recovery but levels remain far beneath their 2007 peaks.

It should be kept in mind that most of London's airports are also a point of more general access for the UK as a whole and tourism outside London has fared less well since the 2008 downturn.

There are two significant stand-out features of the 2010-2011 data. Firstly, the annual change figure which stands out early in 2011 is driven by annual comparison to the month in which the volcano, Eyjafjallajökull in southern Iceland erupted and affected UK air space. Secondly, the shutdown of Heathrow and the impact on other airports on account of the poor weather in December 2010 can also be seen.

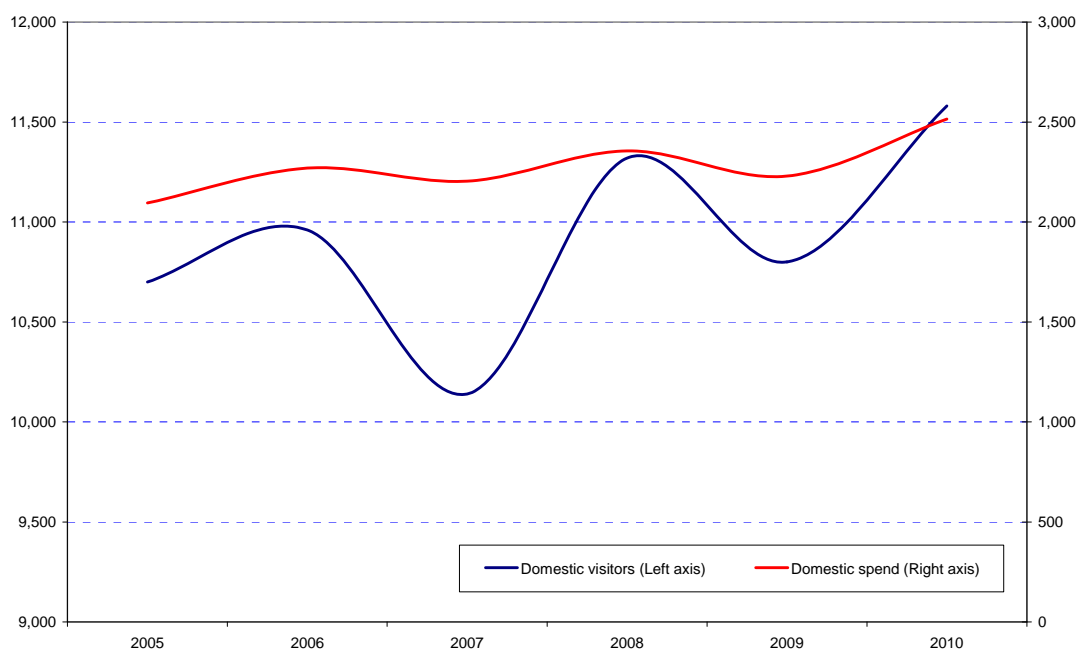
Chapter 5 - Domestic tourism to London

The Great Britain Tourism Survey and the UKTS

The Great Britain Tourism Survey (GBTS) is a national consumer survey generating information on overnight domestic tourism trips taken by residents of Great Britain. In January 2011 responsibility for trips undertaken by Northern Ireland residents switched to the Northern Ireland Statistics and Research Agency (NISRA) and such trips are no longer reported as part of a UK-wide survey³⁹.

Domestic visitor numbers for London and their spend are shown in Figure 5-1.

Figure 5-1: Domestic visitor numbers (Left hand axis, thousands) to London and their spend (Right hand axis, £ million) since 2005



Source: UKTS

Domestic tourism is the smallest source of spend in London accounting for less than a quarter of what international tourist spend does, in part on account of the average

³⁹The UKTS had been running since 1989 and the GBTS continues its methodology. However several major changes had taken place in UKTS methodology with the current methodology only commencing in May 2005. In theory, there is no comparability across a continuous time series prior to that. The impact of the Northern Ireland change will only affect data going forward as the latest year under analysis in this paper is 2010. Results presented by Visit England for 2011 onwards are going to be on the basis of GB residents and a backseries has only been constructed back to the beginning of 2010. Results from 2005 to 2009 will no longer be comparable with the new series. Interviewing is undertaken every week using a face-to-face approach. Some 100,000 respondents are contacted and any who have returned from an overnight trip over the previous four weeks are questioned about that trip. Typically, this provides a weekly sample of around 2,000 people aged 16 or over. Day excursions are not included in the sample.

length of visit being short. It is also dwarfed by the estimated spend from day visitors – although the data for this is, arguably, less robust.

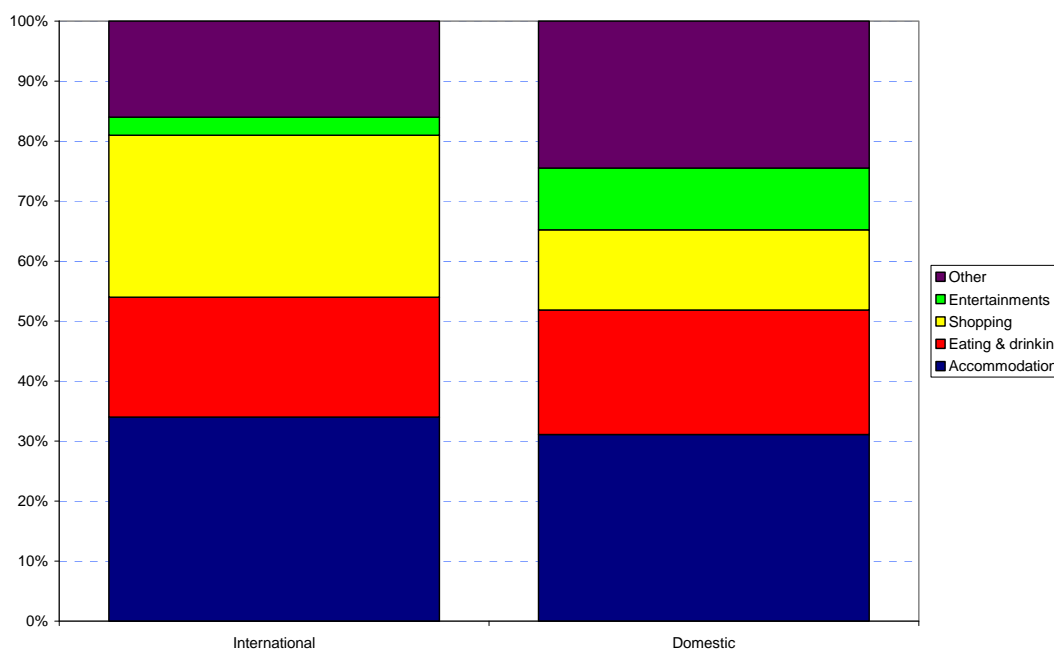
In terms of visitor numbers, the proportion accounted for is far higher. Domestic visitors account for 44 per cent of all overnight staying visitors in London. However, length of stay tends to be far shorter on average than international visitors – driving the lower spend proportion. Accommodation accounts for the greatest single item of domestic overnight tourist expenditure. Total spends now exceeds £2.5 billion as shown in Figure 5-1. Note here that these data are expressed in current prices.

Analysis of quarterly data from the UKTS for London is presented in Appendix 2.

How does domestic tourism expenditure differ from that of international tourists?

As Figure 5-2 shows, domestic tourists spend a higher proportion of total trip expenditure on 'other'. This is almost certainly very distorted by the fact that the majority of this is 'internal travel' costs and it is not clear whether such expenditure should really be allocated to domestic expenditure in London. Domestic tourists also spend a greater proportion of expenditure on entertainment and a far lower proportion on shopping, probably in part because there is no price advantage to domestic visitors of shopping in London.

Figure 5-2: Component shares of spending for domestic tourists compared to international tourists



Source: IPS, UKTS and GLA Economics

However, it does need to be kept in mind that on average a domestic visitor to the capital spends far less than an international visitor (less than £220 in fact) – primarily as a result of shorter stays. There are also slightly less of them. Furthermore, the proportions used to allocate spend within the International Passenger Survey data have not actually been updated since 1997. The English Tourism Intelligence Partnership (ETIP) views updating this as a priority.

Elasticities within the domestic UK tourism market

Using the same work by the Christel DeHaan Tourism and Travel Research Institute at the University of Nottingham, domestic tourism income elasticity estimates show marked variations by purpose of visit. The key point here is that, whilst the overall domestic tourism income elasticity of 0.89 is less than one, the income elasticity of the domestic holiday sector is greater than one at 1.15, implying that it should behave as a luxury good. An increase of 1 per cent in income is likely to result in an increase in domestic tourism spend of 1.15 per cent. This also means that holiday tourism will be disproportionately affected by falling incomes. However, given the vagaries of calculation neither the overall nor the holiday figure is likely to be significantly different from 1.

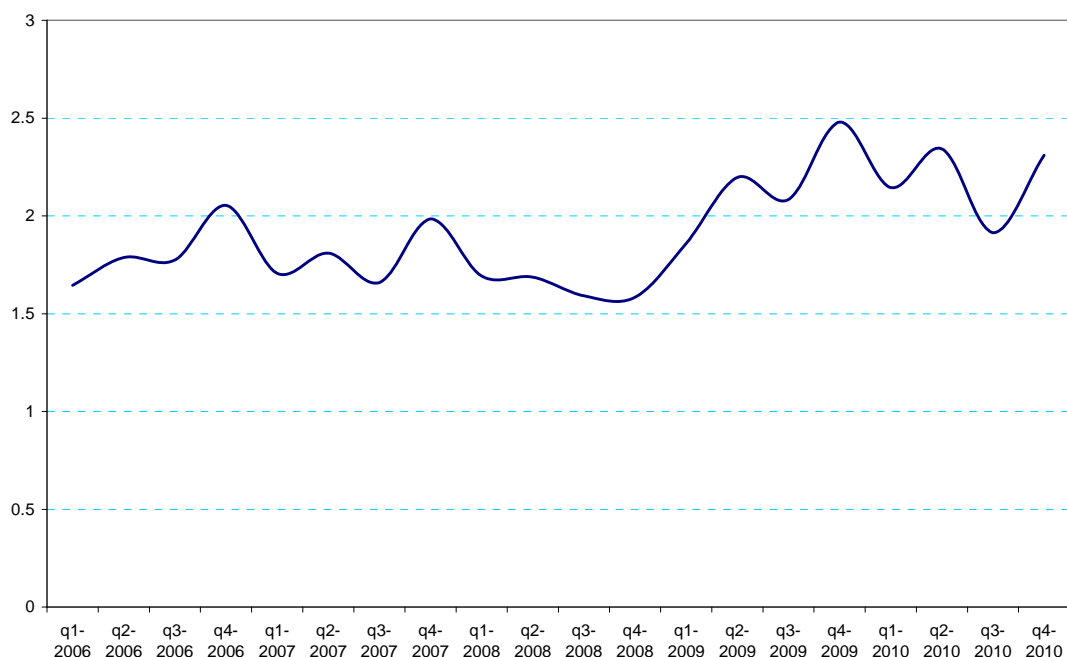
Therefore, whereas evidence suggests that international tourism to London (particularly international tourism from some countries) behaves as a luxury good, it is not clear that domestic tourism behaves so.

The UK domestic sector and substitute price elasticities⁴⁰

Another important consideration for the UK domestic sector is its responsiveness to changes in the price of foreign tourism. Foreign holidays can be substituted for domestic vacations and vice versa. There is some evidence of this happening over the last few years with holiday visits to the UK by overseas residents reaching record levels in 2010 whilst visits abroad by UK residents fell again following a substantial decline in 2009. Figure 5-3 shows that there has been a switch by UK residents to taking their holiday in the domestic market (so-called, 'staycationing') as demonstrated by the ratio of domestic overnight visits in the quarter to UK residents' visits abroad.

⁴⁰ This is a type of cross-price elasticity where change in the price of one product leads to changes in the demand for another. In this case a change in price for foreign holidays leads to a change in demand for domestic holidays.

Figure 5-3: Ratio of domestic overnight visits to UK residents' visits abroad by quarter, 2006 – 2010



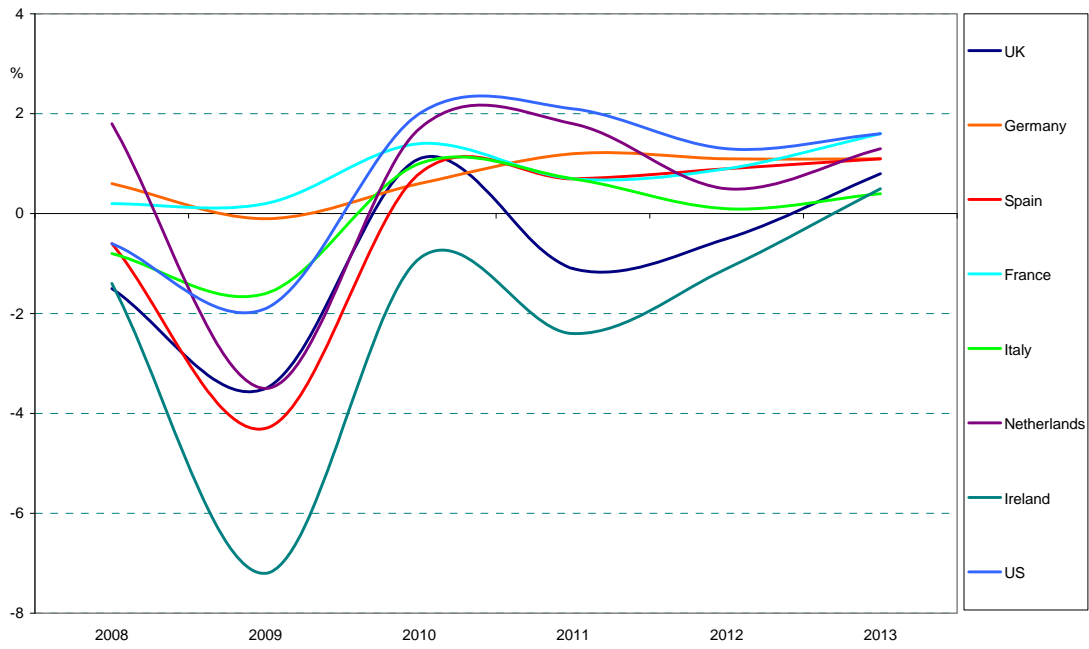
Source: *International Passenger Survey, UK Tourism Survey, GLA Economics*

The complexities of tourism demand and changing consumer spend

It may seem intuitive that falling consumption in the domestic economy would have a negative impact on domestic tourism spend. However, this is not necessarily the case. Similarly, increasing consumption in the domestic economy will not necessarily benefit the UK domestic market as there is also an increased likelihood of UK residents taking foreign holidays instead. These effects will also interact with changes in international tourism driven by consumption and general economic conditions in London's main inbound markets, exchange rate movements and (over the longer term) the supply side effects of business investment in tourism. There is an additional consideration when looking beyond the UK to London in that the capital has a far lower share of domestic tourism than it does of international tourism. This is because the main destinations for domestic tourism in the UK are the coastal zones of the South and Southwest. Therefore, 'staycationing' tends to benefit parts of the UK other than London.

Figure 5-4 shows forecasts by the European Commission for the performance of the main European economies and the United States until 2013. The year 2012 – a critical one for London in terms of tourism thanks to the Olympics – presents a very difficult picture for most of London's traditional inbound markets. Beyond traditional markets there are economies forecast to continue to grow over the period but even these seem to be facing an economic slowdown of sorts.

Figure 5-4: European Commission forecasts for private consumption change (2011-2013) together with historical backseries



Source: European Commission: European Economic Forecast – Autumn 2011

Chapter 6 - Benefits of the forthcoming Great Britain Day Visitors Survey (2011)

Traditionally, it has been all too easy to underestimate the importance of day trips to London. Average spend per trip is (almost by definition given that no overnight stay is involved) low at less than £70. However, in aggregate, as presently defined and understood, day visitor spend in London accounts for more than international tourism spend and domestic overnight spend put together. In part this is a result of the wide understanding of the term 'day visitor' as defined by the United Nations World Tourism Organization (UNWTO) which essentially includes any visit of three hours or more and which would not be undertaken regularly.

The London Development Agency Omnibus Survey in 2008 suggested that previous calculations of the importance of day visitors to London's tourism economy were likely to be underestimates and that (in 2008) 181 million day visits were generating nearly £12.2 billion in expenditure in the capital although not all of this will accrue to the local area. However, in the absence of regular surveys, GLA Economics has only been able to estimate day visitor tourism by looking at trends in other sectors.

A better understanding of day visitors and their spend is essential if London is going to consider how to market itself to them. For example, the current definition will include people who choose to visit a different shopping centre for the afternoon than the one they currently visit. Apart from on the very periphery of London where such marketing might persuade some people to use town centre shopping centres in Greater London rather than the out-of-town centres such as Thurrock Lakeside and Bluewater, it would effectively be a zero sum game.

However, much of day visitor behaviour is currently poorly understood. Day visitors certainly undertake activities such as attending football matches, going to the theatre, visiting historical buildings and the like but the present state of the data is relatively poor. One of the reasons why the state of this knowledge is so weak is that previous national surveys have either not had results available on a regional basis or else (as a result of the survey sponsors' interests) the questions put to interviewees have not reflected the concerns of urban tourism. A separate paper outlining these data issues was published in March 2011⁴¹.

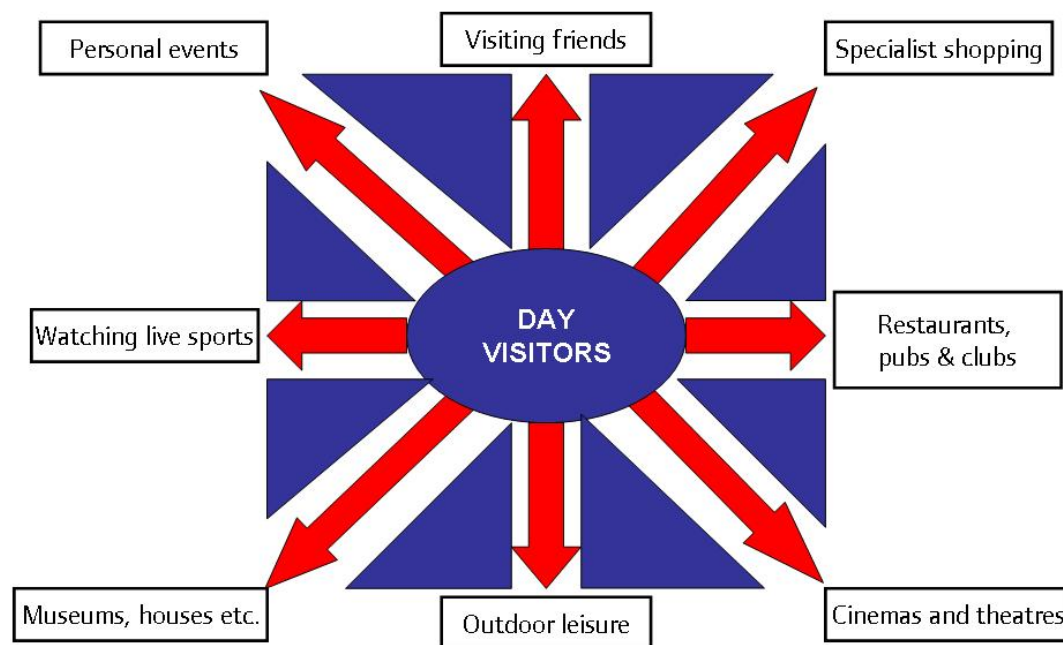
However, some progress is being made and there is increasing recognition nationally of the importance of a better understanding of day visitor numbers and behaviour. Although it will not address all issues, the forthcoming 2011 Great Britain Day Visitors Survey overseen by Visit England and its partners such as Visit Scotland will at least help to confirm (or otherwise) the scale of day visitor numbers and spend in all 32 Boroughs

⁴¹ *Estimating the contribution of leisure day visitors to London's tourism industry* [GLA Economics Current Issues Note 29].

across London⁴². With a national sample of around 24,000 interviewees – of which around 12,000 will be tourism day visitors – the sample in London ought to be nearer 2,000 than 1,000. Furthermore, although there is no separate question on total spend, interviewees are being asked whether the total figure sounds ‘about right’. Although it is dependent on funding, Visit England does intend to repeat the survey on an annual basis if possible, providing the first regular time series in this type of data. Work for the Olympic year is already underway.

Day visitors to London are believed to undertake a very wide variety of activities from attending personal events to cultural activities and sports fixtures – a selection of which appear in Figure 6-1.

Figure 6-1: Some day visitor activities in London



Source: GLA Economics

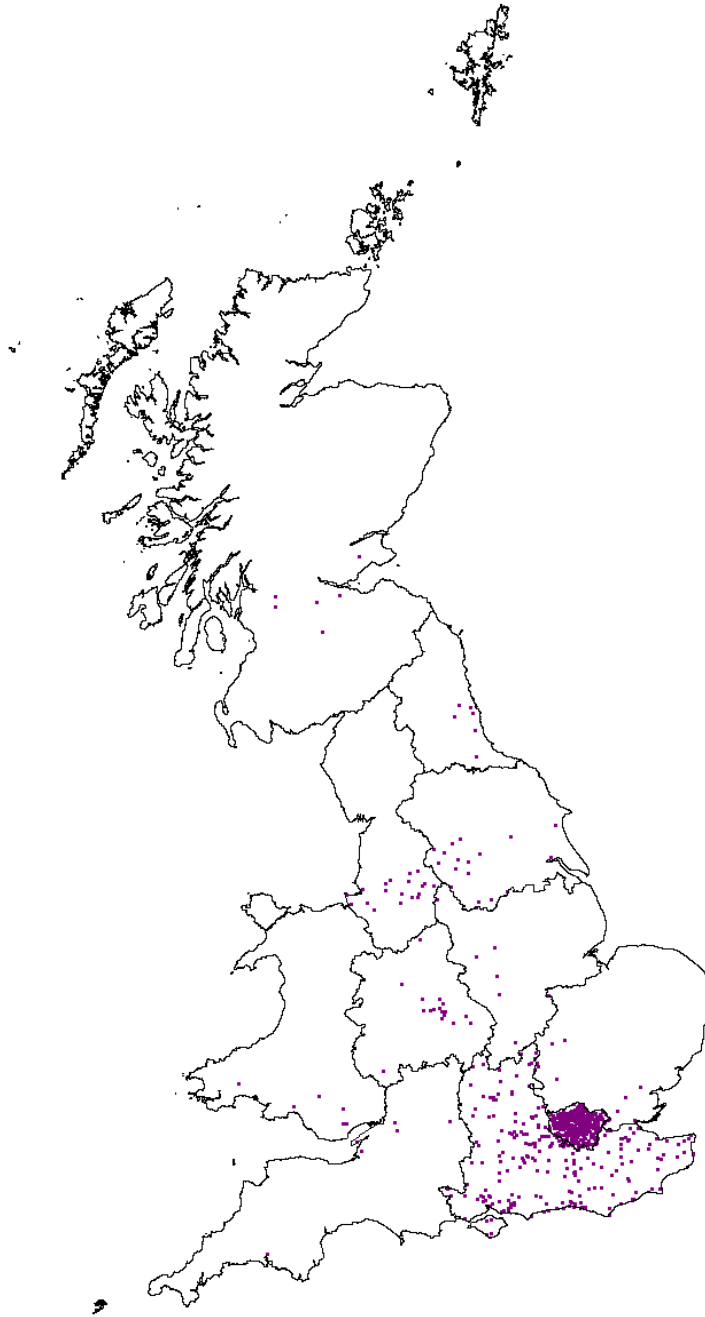
Understanding this in far greater detail is key to a proper marketing understanding of the sector. However, one of the problems is that different people often classify the same activity differently. In part, the day visitor survey questionnaire addresses this by sub-categorising the same activities under different broad classifications. In particular, a lot of the options are repeated under ‘General days out’ so that nothing is missed.

⁴² This report was finalised before the publication of the Great Britain Day Visitors Survey (2011) headline results. For London this showed 273 million leisure tourism day visitors with a spend of over £9.8 billion. This implies that the average spend was a relatively low at under £36. A fuller paper on the results for London will be published by GLA Economics over the coming months.

The survey also attempts to be as detailed as possible about Boroughs visited whilst also recognising that many day visitors may not be aware which Boroughs they have visited. Therefore, if visitors fail to identify a Borough, they are also given an option to say whether they have visited Central / West / East / North or South London although these are not actually formally defined.

Given the lack of robust data for day visitors there are only limited possibilities for estimating the points of origin for day visitors to London. Only regional data is in fact available but this can be modelled to demographic patterns within regions. Visits to London are dominated by two source regions: London itself and the South East. In particular, the data suggests a noticeable absence of visitors from the East of England as shown in Map 6-1. This may reflect patterns of rail connectivity. London itself is estimated to provide one third of all receipts from leisure day visitors.

Map 6-1: Approximation of origin of day visitors to London (one dot = 200,000 visits)



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Approximated origins of day visitors to London
By GB region
1 Dot = 200,000

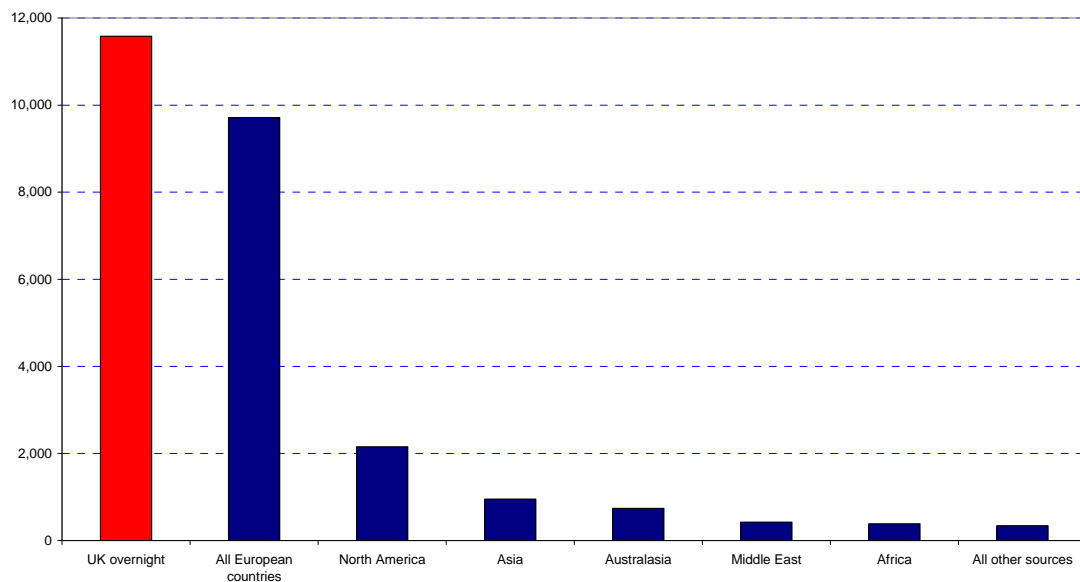
Source: GLA Economics, London Development Agency Omnibus Survey

Chapter 7 - Conclusions

London's tourism industry supports around 226,000 jobs. However, from the marketing budget perspective, perhaps more interesting is the split between spends from different visitor types.

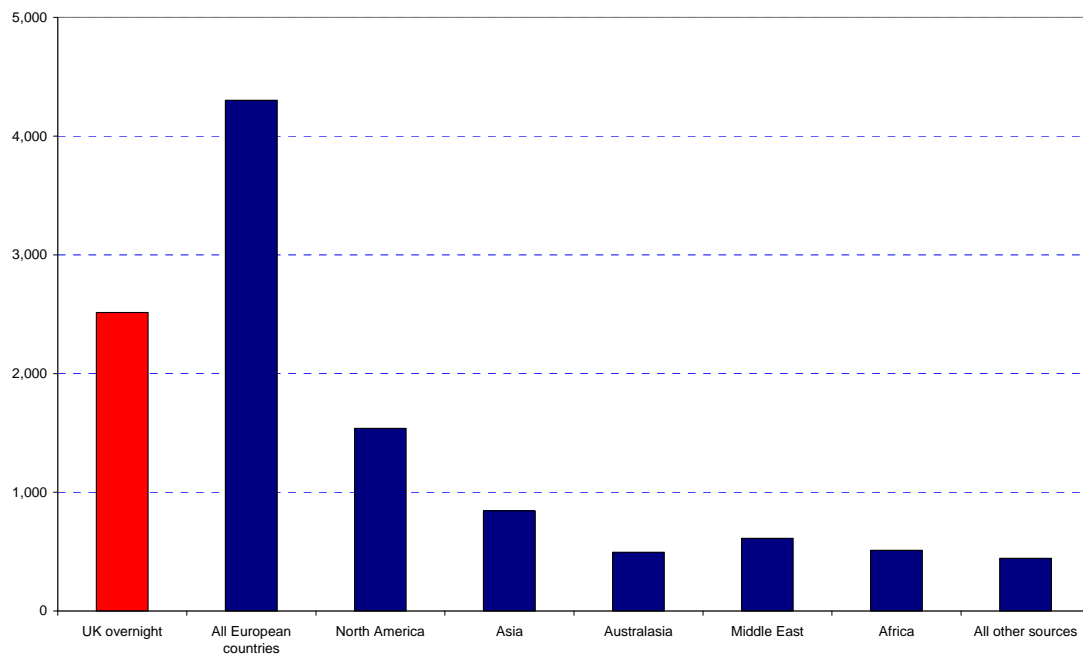
In 2010, international spend in London was around £8.7 billion whilst domestic spend was £2.5 billion. Both were strongly up on the previous year. Figures 7-1 and 7-2 show numbers of visitors to London and spend respectively for both the UK domestic market and international spend broken down by global regions.

Figure 7-1: UK domestic overnight visitors to London and international visitors by global region (thousands, 2010)



Source: *International Passenger Survey and UK Tourism Survey*

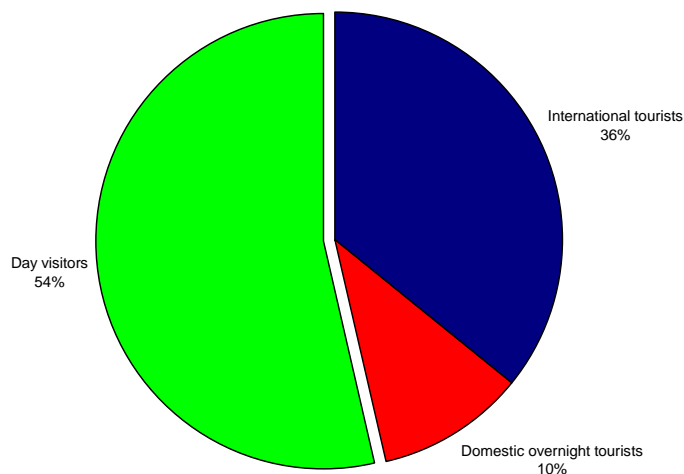
Figure 7-2: UK domestic overnight visitor spend in London and international visitor spend by global region (£ million, 2010)



Source: *International Passenger Survey and UK Tourism Survey*

Day visitor spend was estimated by GLA Economics to be in the order of £11.5 billion in 2009. In the absence of the results of the Great Britain Day Visitors Survey (2011) a best guess for how day visitor tourism might have performed in 2010 might assume that the trends had followed those of domestic overnight tourism in London. In that case, an increase of 12.8 per cent should be applied taking an estimated figure for 2010 up to £13 billion. That suggests that in total London's tourism industry is worth over £24 billion.

Figure 7-3: Estimated spend share by visitor type in London, 2010



Source: International Passenger Survey / UK Tourism Survey / GLA Economics calculations

Figure 7-3 demonstrates the importance of ongoing research into day visitor tourism and its contribution in London.

In spite of the fact that London's main inbound markets remain the countries of the EU and the United States, there are important changes taking place with traditional markets accounting for a declining share of London's spend and some very rapidly growing economies which are clearly going to be important target markets for London. Appendix 3 includes specific details for emerging markets such as China, India, the United Arab Emirates, Brazil and Russia. Some secondary economies of the Asia-Pacific region such as Malaysia and Indonesia are also growing rapidly and could become important inbound markets for London in due course.

Although London has done well recently – in part helped by international exchange rates and Sterling's depreciation against most other currencies – the economic environment faced in many of its traditional markets over the short to medium term is uncertain.

Domestic tourism is under pressure through squeezed consumption. However, there may be some substitution as UK consumers switch from foreign to domestic holidays. However, London does not stand to gain much from this particularly given the propensity of the domestic consumer to holiday in the countryside or by the sea.

Although the US has been accounting for a declining share of spend, it remains the single most important inbound market for London and forecasts for the US economy

suggest some degree of acceleration after mid-2012. London's main European markets face a very difficult few years with some economies facing continued contraction and even Germany being affected by relative economic weakness driven by a poorer global trade picture.

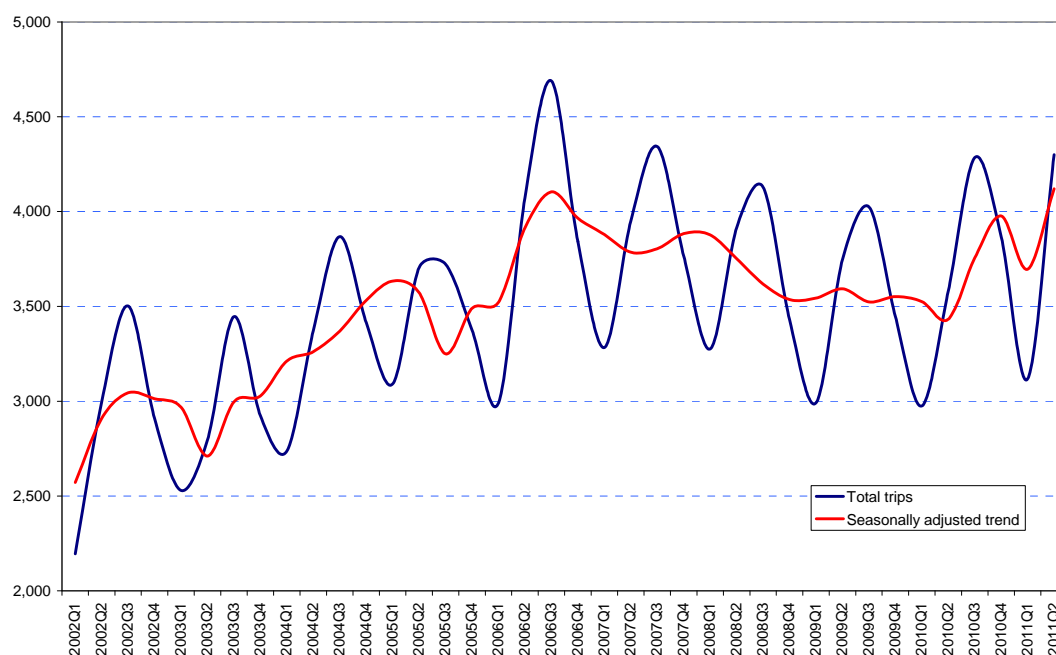
In contrast, although growth may go through a relatively subdued period, many of the emerging markets are forecast to continue to grow strongly. However, at present, they account for a very small proportion of total visits but a higher share of tourism spend in London.

APPENDIX 1: Quarterly trends in London's International Passenger Survey data

Quarterly data from the International Passenger Survey demonstrates strong seasonality. The first quarter of each year tends to have a lower number of trips, a lower number of nights spent in London and a lower spend than any trend series. Trip numbers and spend tend to be higher than trend in the second quarter but the number of nights tends to remain below trend. For nights, this is only reversed in the third quarter which is also the annual peak for both spend and trips. In the final quarter nights and trips tend to be below trend but spend remains above. Therefore there is a seasonal cyclicality in all three series but the pattern is actually different.

A seasonally adjusted series enables us to see how each quarter really performed without the distorting influence of season. Trip numbers rose steadily between 2002 and 2006 with the sole exception of the immediate aftermath of the terrorist attacks in London in July 2005 as shown in Figure A1-1. However, they then fell fairly consistently over the following four years with only a slight plateau prior to the 2008/09 recession across the developed economies. Since early 2010 London has been staging a recovery.

Figure A1-1: Trip numbers to London (thousands) – main series and seasonally adjusted



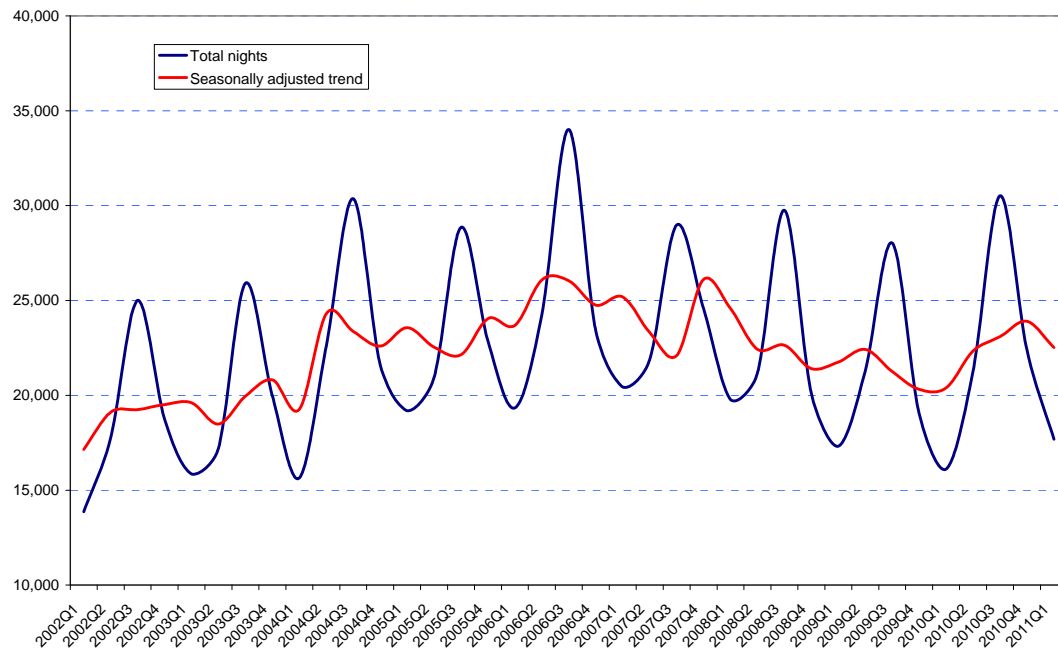
Source: International Passenger Survey / GLA Economics

Note: Adjustment – multiplicative X11-ARIMA

A similar pattern is seen in the trend for nights shown in Figure A1-2. This rose steadily between 2002 and 2004. However, this trend was already in reverse by the time of the London terrorist attacks and by the final quarter of 2005 nights were rising again. They

peaked in the summer of 2006. Then they declined in spite of the additional peak in the second half of 2007. The 2010 recovery in nights has been less strong than in trip numbers, suggesting that people are tending to take slightly shorter breaks.

Figure A1-2: Night numbers for London (thousands) – main series and seasonally adjusted

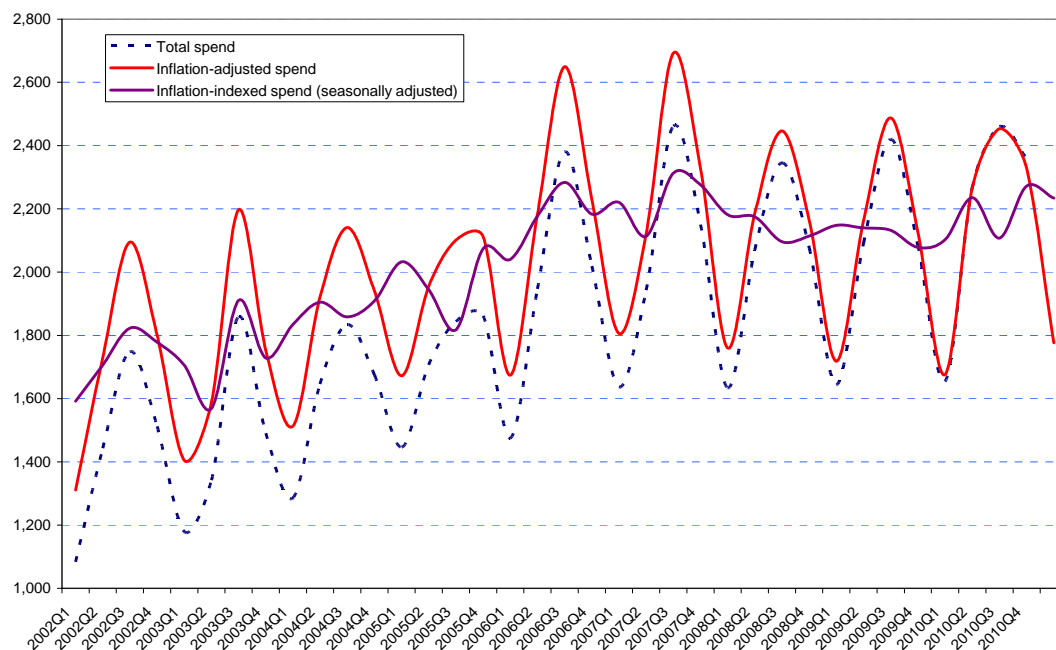


Source: International Passenger Survey / GLA Economics

Note: Adjustment – multiplicative X11-ARIMA

Spend is more complex. There is a clear, upward trend in the raw data – but some of this is likely to be down to inflation. On account of this, the series has been adjusted to take account of the Consumer Price Index (CPI). All spend is now presented in 2010 prices. This reveals a different picture with spend broadly static in real terms since 2006 as shown in Figure A1-3.

Figure A1-3: Inflation-adjusted spend in London (£ million)

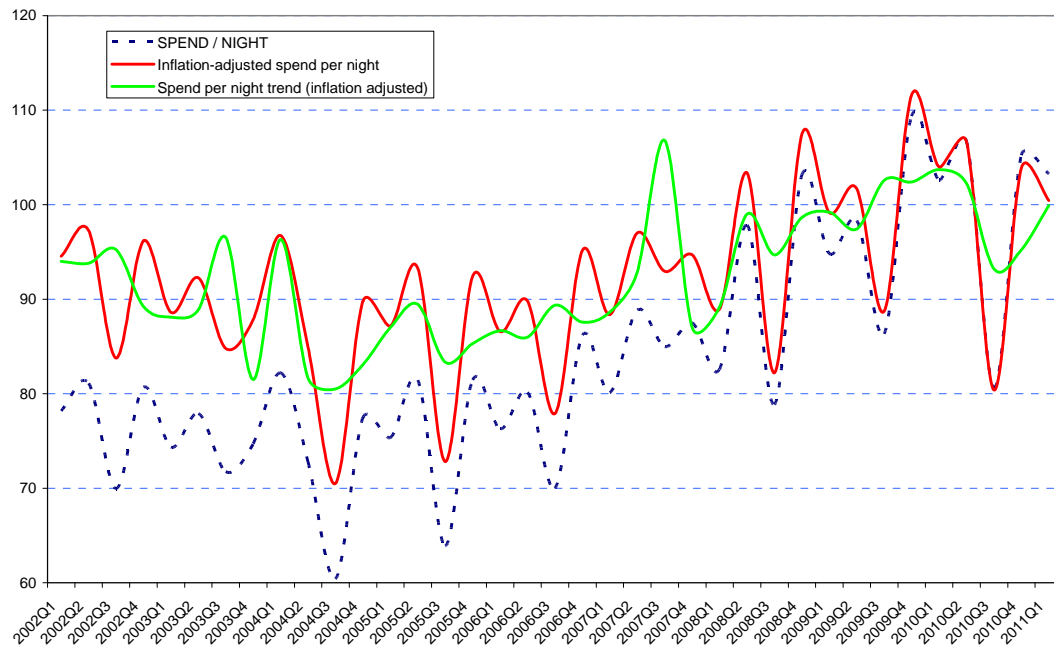


Source: International Passenger Survey / GLA Economics

Note: Adjustment – multiplicative X11-ARIMA

In Figure A1-4 both raw spend per night and real spend per night in 2010 prices are shown. Inflation-adjusted spend per night shows a good deal of variability but has been rising since 2006. The third quarter is always the one in which spend per night falls to its lowest but, even given this, the third quarter of 2010 was exceptional. The exception in the other direction was Q3 2007 when the fall from the previous quarter was far less than would usually be expected.

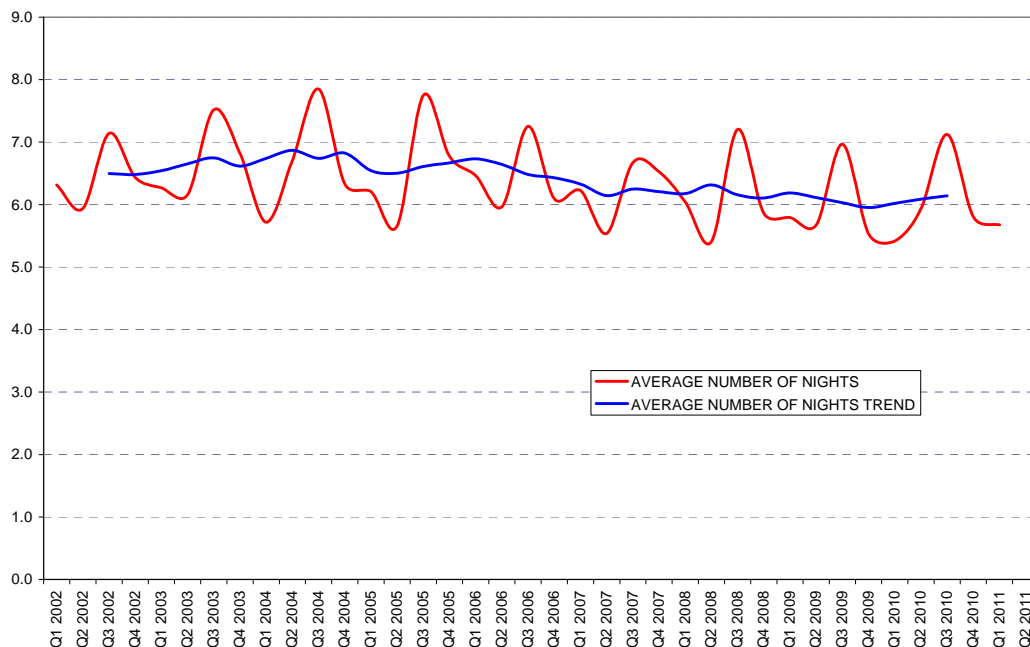
Figure A1-4: Spend per night in London in real and nominal terms (£)



Source: International Passenger Survey / GLA Economics
Note: Adjustment – multiplicative X11-ARIMA

The average number of nights spent in London has fallen slightly over the period from six and a half nights to barely over six as shown in Figure A1-5.

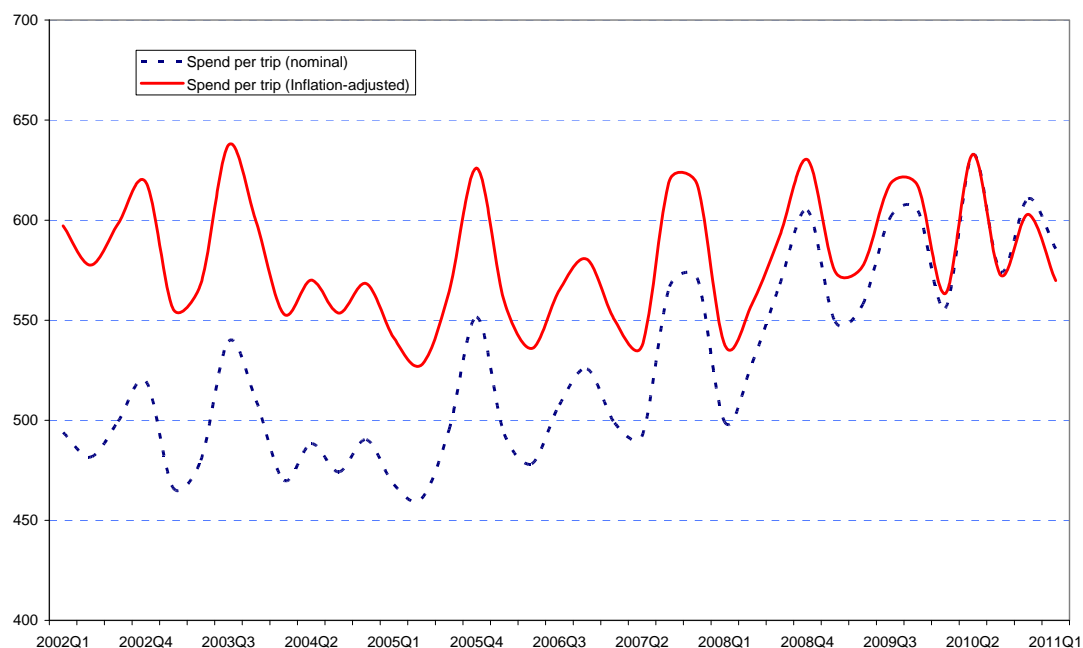
Figure A1-5: Average number of nights spent in London



Source: International Passenger Survey / GLA Economics
Note: Trend – simple removal of cycles using 4 point moving average

Average spend per trip is shown in Figure A1-6.

Figure A1-6: Spend per trip in London in real and nominal terms (£)



Source: *International Passenger Survey / GLA Economics*

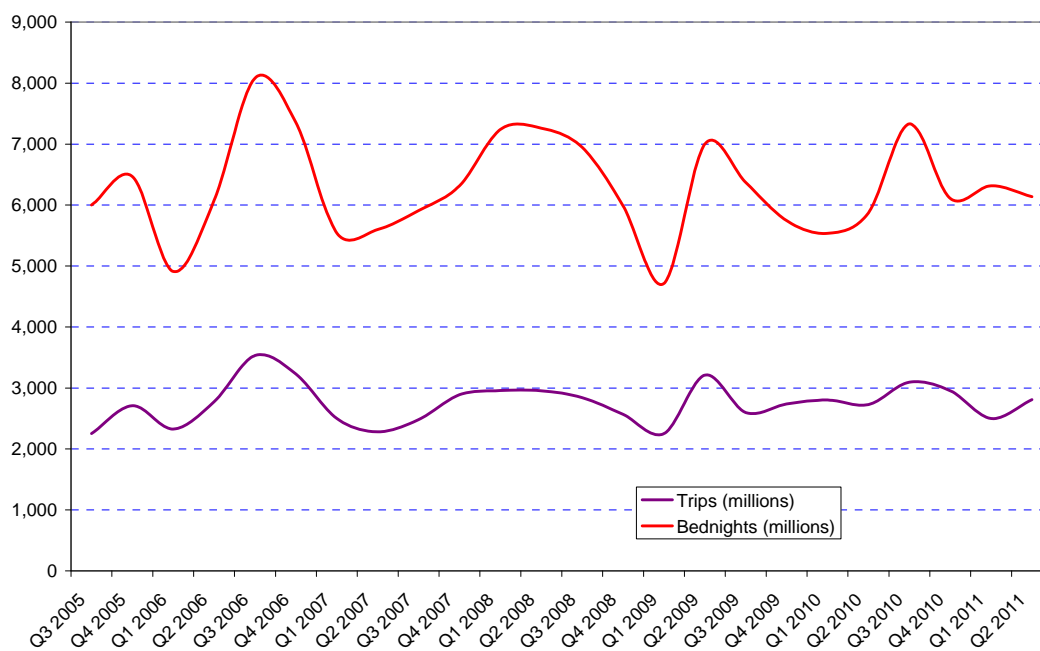
Different inbound markets actually have very different tendencies for seasonality. The London data for 2010 shows some countries with a very marked preference for the third quarter. Often these are quite long-haul trips, for example from Australia, New Zealand, the UAE, Brazil, the United States and Canada. However, Belgium, India and Sweden demonstrate a preference for London in the second quarter. Denmark, although largely flat across the seasons shows a slight peak in the fourth quarter. Visitors from the Irish Republic peaked in the first quarter. Some other countries – such as France – demonstrated broadly similar numbers of visitors across all quarters. Whilst the seasonality of visits from a particular country can be affected by the shares of holiday, business and VFR tourism, there are clearly other – perhaps cultural – factors in play and visitors to London sometimes behave slightly differently to visitors to the rest of the UK.

APPENDIX 2: Analysis of quarterly UKTS data for London⁴³

Data on a consistent basis are only available as far back as the third quarter of 2005 on account of the change in methodology in May 2005. This is not ideal as it means that the impact on tourism of the London bombings cannot be seen.

The first thing to note about UKTS quarterly data for the capital is that there is no obvious seasonal cyclicality in the series. For example, in the series for trips shown in Figure A2-1, numbers peaked in the third quarter in 2006. However, the following year (Q4, 2007), numbers continued to rise into the first quarter of 2008. In fact the 2008 quarters showed almost no seasonal variation in trip numbers.

Figure A2-1: Trips and bednights (thousands) for UK domestic overnight tourism to London



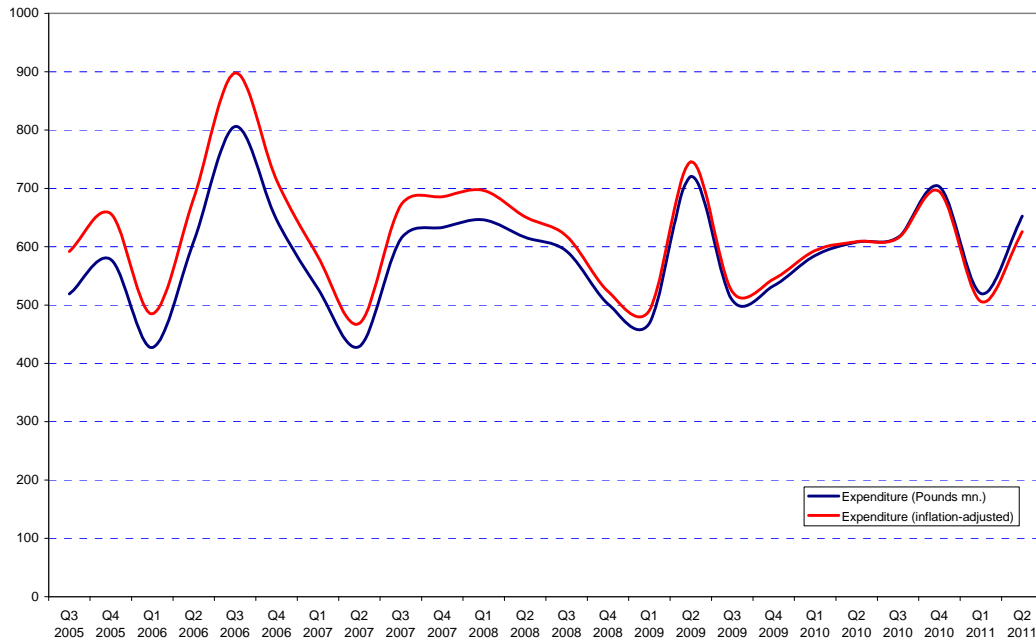
Source: UK Tourism Survey and GLA Economics

There could be multiple explanations for these patterns including substitution taking place whereby reduced disposable income in recessionary periods leads to falls in the consumption of domestic tourism being counteracted by a switch from foreign holidays to 'staycations'. The overall net impact becomes unclear.

Again, expenditure is more complicated. A nominal series suggests little net change in spend over the period.

⁴³ The UKTS has been replaced by the Great Britain Tourism Survey – effective from January 2011. Therefore Q1 and Q2 of 2011 were actually on a basis excluding Northern Ireland. For the purposes of this paper GBTS data were converted to being comparable to the UKTS by assuming the same proportions for visitors to London from Northern Ireland in Q1 and Q2 2011 as Q1 and Q2 2010. The impact is felt more on expenditure than on trips because Northern Irish visitors tend to stay longer and usually have to include the price of a domestic flight in their expenditure.

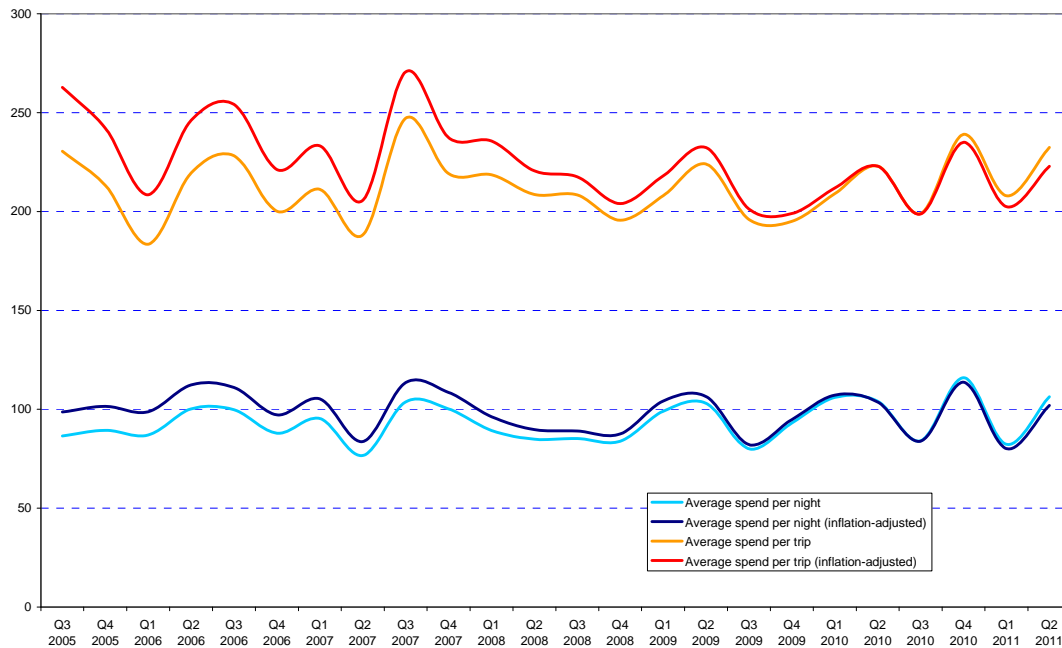
Figure A2-2: Expenditure (£ million) for UK domestic overnight tourism to London in nominal and real (2010 price) terms



Source: UK Tourism Survey and GLA Economics

However, as Figure A2-2 shows expenditure in real terms may have fallen a little over the period. Average spend per night has remained very consistently at around £100 a night but, because the average length of stay has fallen slightly over the period, average spend per trip has fallen a little as shown in Figure A2-3.

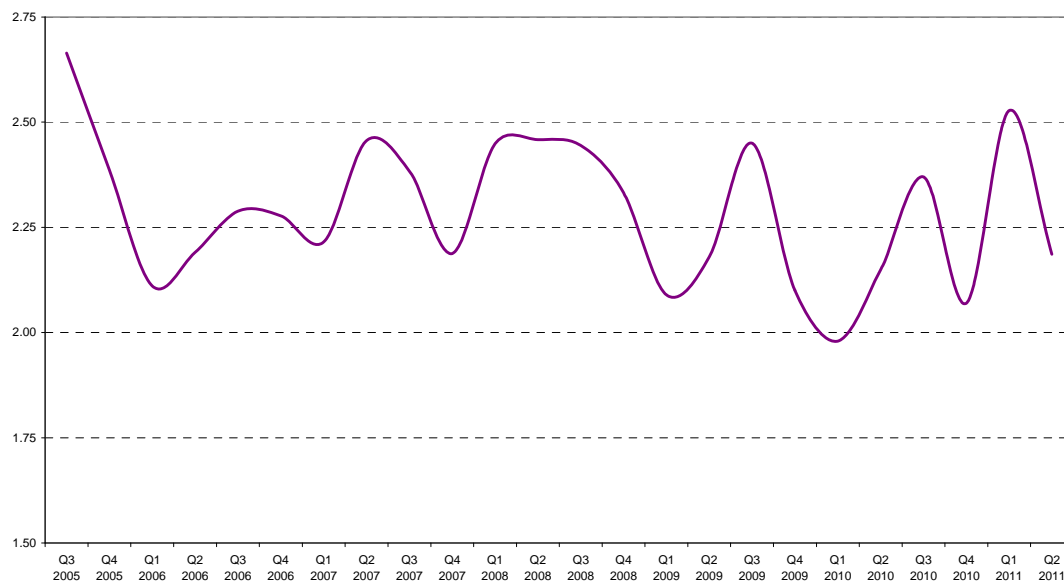
Figure A2-3: Average spend per night and per trip (£) for UK domestic overnight tourism to London in nominal and real (2010 price) terms



Source: UK Tourism Survey and GLA Economics

Again, the average number of nights spent in London is erratic with no clear seasonal trend as shown in Figure A2-4. However, note how much lower it is compared to comparable figures for international visitors – typically between 2 and 2.5 nights.

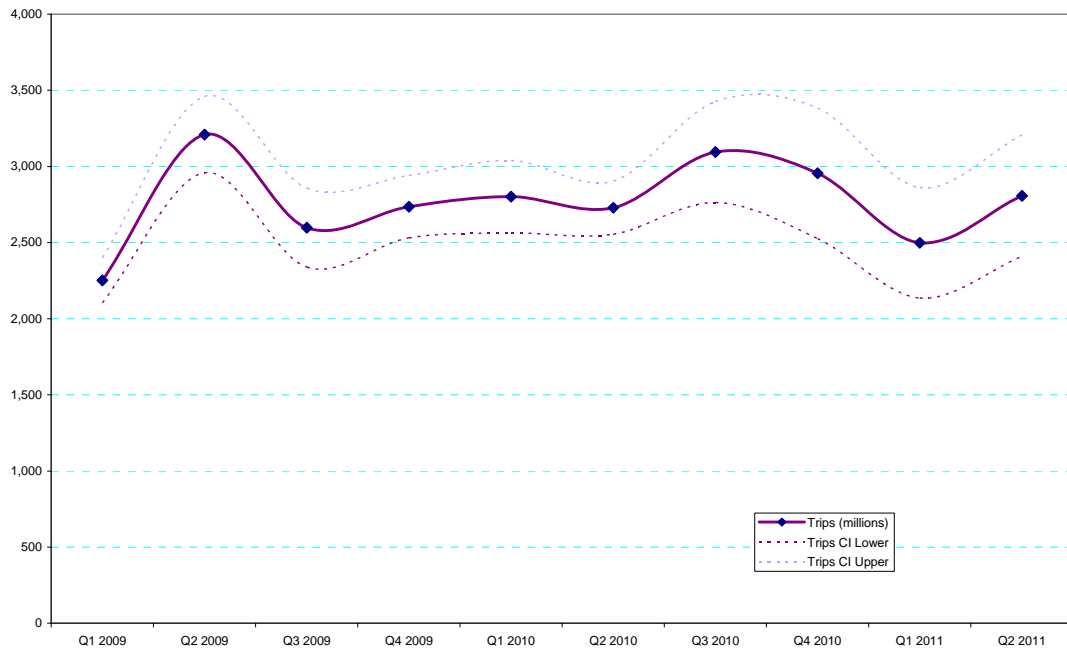
Figure A2-4: Average length of stay (number of nights) for UK domestic overnight tourism



Source: UK Tourism Survey and GLA Economics

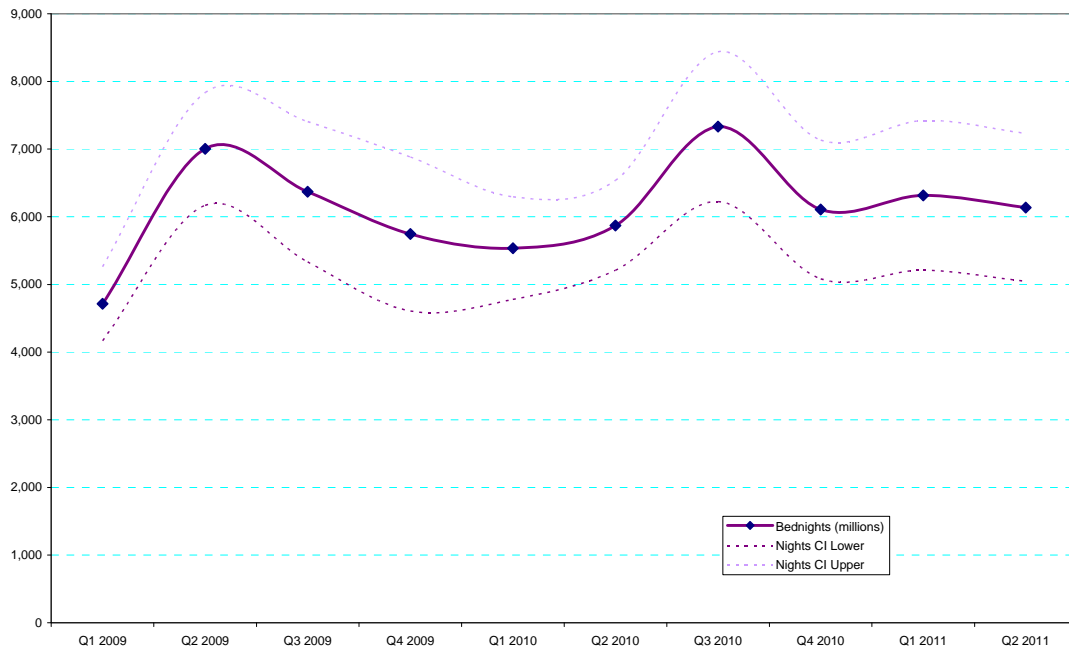
The UKTS also has rather wide 95 per cent confidence intervals. Figures A2-5 to A2-7 show these confidence intervals around the data series. There is a 95 per cent chance that the 'correct' figure for any quarter lies between the lower and upper confidence limits. Therefore, even quite a pronounced uplift as in the third quarter of 2010 on bednights might not actually have taken place (see Figure A2-6).

Figure A2-5: Trips (thousands) together with upper and lower confidence intervals



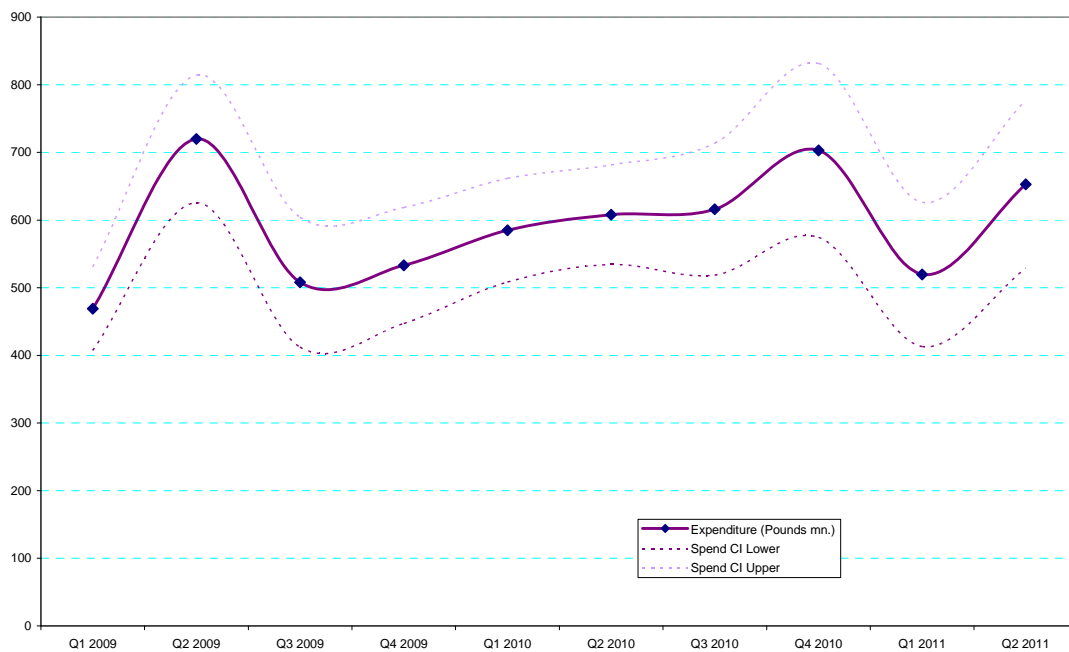
Source: UK Tourism Survey and GLA Economics

Figure A2-6: Nights (thousands) together with upper and lower confidence intervals



Source: UK Tourism Survey and GLA Economics

Figure A2-7: Expenditure (£ million) together with upper and lower confidence intervals



Source: UK Tourism Survey and GLA Economics

APPENDIX 3: Country Profiles

Basic data sources. Each profile states where an alternative source has been used.

Data area	Data source used
DEMOGRAPHICS & ECONOMY	
Total population (millions)	OECD 2010 estimates. Some European countries 2009.
Demographic growth rate (per cent per annum)	World Bank 2009 estimates
Distance of capital / major city (miles)	Approximate distance of capital or largest city to London on Google Maps
Internet penetration rate	Miniwatts Marketing Group. Data for end August 2010.
GDP (PPP) in bns. US dollars	IMF estimates for April 2011
GDP growth rate (per cent per annum over 2000-2010)	GDP growth at market prices averaged from 2005 to 2010 using World Bank estimates
GDP per capita in US dollars	IMF estimates on purchasing power parity basis for 2010
Medium term GDP growth forecast (per cent)	World Bank: average of forecast growth for 2011, 2012 and 2016
ILO unemployment rate (per cent)	ILO defined rate, OECD 2010
VISITS	
Visits in 2010 (thousands)	International Passenger Survey
Percentage of visits which are holiday	International Passenger Survey
Percentage of visits which are business	International Passenger Survey
Percentage of visits VFR	International Passenger Survey
SPEND	
Spend in 2010 (£ million)	International Passenger Survey
Percentage of spend which is holiday	International Passenger Survey
Percentage of spend which is business	International Passenger Survey
Percentage of spend which is VFR	International Passenger Survey
Holiday spend per visit (£)	International Passenger Survey
Business spend per visit (£)	International Passenger Survey
VFR spend per visit (£)	International Passenger Survey
All purposes spend per night (£)	International Passenger Survey
All purposes spend per visit (£)	International Passenger Survey

Sources for the boxes at the foot of each numerical profile include the OECD and European Commission for economic information and a variety of sources for tourism drawn from Visit Britain's market research database. These include surveys conducted over a number of recent years, principally:

- The Anholt Nation Brand Index Survey for 2011, 2010 and 2007
- 2010 European Commission survey on attitudes towards tourism
- Visit Britain sponsored questions in surveys such as the International Passenger Survey
- United Nations World Tourism Organization data
- And Oxford Economics – including output from their Tourism Decision Metrics modelling.

Further details of Visit Britain's research on individual markets can be found at the following link:

<http://www.visitbritain.org/insightsandstatistics/markets/index.aspx>

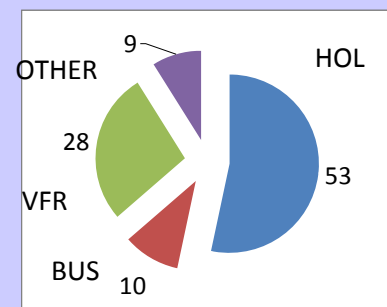
AUSTRALIA



DEMOGRAPHICS & ECONOMY

Total population (millions)	22.3
Demographic growth rate (% per annum)	2.0
Distance of capital / major city (miles)	10,570
Internet penetration rate	80.1
GDP (PPP) in bns. US dollars	919
GDP growth rate (% per annum over 2000-2010)	3.1
GDP per capita in US dollars	39,764
Medium term GDP growth forecast (%)	3.1
ILO unemployment rate (%)	5.2

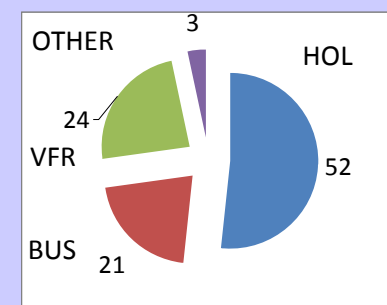
Share of visits



VISITS

Visits in 2010 (thousands)	624
% of visits which are holiday	53
% of visits which are business	10
% of visits VFR	28

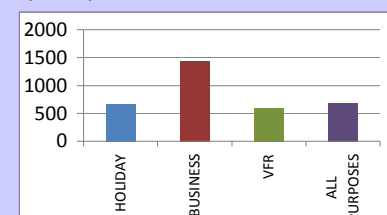
Share of spend



SPEND

Spend in 2010 (millions)	432
% of spend which is holiday	52
% of spend which is business	21
% of spend which is VFR	24
Holiday spend per visit (£)	672
Business spend per visit (£)	1440
VFR spend per visit (£)	599
All purposes spend per night (£)	90
All purposes spend per visit (£)	693

Spend per visit (£)

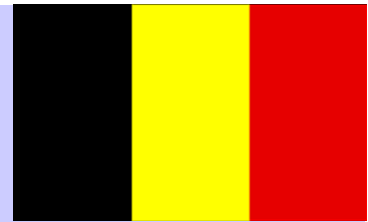


Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Australia's population is set to grow (mainly through inward migration) and to age slowly. The age profile of visitors to Britain is 'top heavy' with a large number of visits from those of older cohorts. However, there is a notable number of visits by those aged 25 to 34 and, according to Contiki 'Style Miles', 1.5 million young Australians intend to travel overseas in the next 3 to 4 years. Sterling costs around 50% less for Australian visitors in 2011 than it did in 2001 and the number of Australian visitors to the UK has doubled over two decades. There is also strong seasonality in favour of Q3. Britain is viewed as 'educational', 'fascinating' & 'exciting' but also as 'relaxing'. The UK ranks second amongst most visited countries after New Zealand but ahead of Singapore and the US. Britain accounted for around 9% of all outbound trips in 2010. Nevertheless, there has been a decline in market share amongst competitors since 2005. Ancestry can play an important part in decisions to visit. The economy was slowed in 2011 by natural disasters but both investment and exports are vigorous.

GDP at market prices OECD but for 2009.

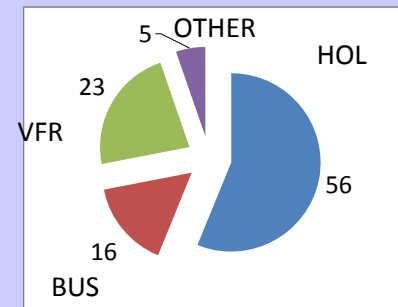
BELGIUM



DEMOGRAPHICS & ECONOMY

Total population (millions)	10.8
Demographic growth rate (% per annum)	0.8
Distance of capital / major city (miles)	200
Internet penetration rate	70
GDP (PPP) in bns. US dollars	405
GDP growth rate (% per annum over 2000-2010)	1.6
GDP per capita in US dollars	36,274
Medium term GDP growth forecast	1.9
ILO unemployment rate (%)	8.3

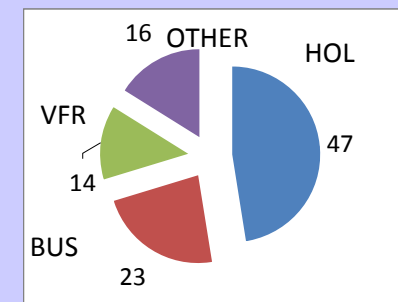
Share of visits



VISITS

Visits in 2010 (thousands)	489
% of visits which are holiday	56
% of visits which are business	16
% of visits VFR	23

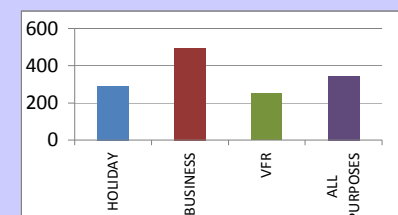
Share of spend



SPEND

Spend in 2010 (millions)	169
% of spend which is holiday	47
% of spend which is business	23
% of spend which is VFR	14
Holiday spend per visit (£)	292
Business spend per visit (£)	496
VFR spend per visit (£)	253
All purposes spend per night (£)	104
All purposes spend per visit (£)	346

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Holiday spend per visit is low because visits tend to be short and frequent because of proximity. The UK tends to be seen as a short break destination with longer holidays being taken in France and Spain. The UK is highly rated for its cultural offering. Belgians don't rate Britain highly in terms of natural beauty. Belgians value their food but perceive the quality of British food to be poor. British culture is seen as very different to that of the Continent. Transport and accommodation are major barriers to visits because they are perceived to be expensive in the UK. The UK is forecast by Tourism Decision Metrics to fall to sixth place in countries visited by Belgians in 2014. Belgians are more aware of London than any other region and more than twice as many visitors to the UK hail from Brussels than any other Belgian region. The Belgian economy is slowing due to international turmoil. Fiscal consolidation will dampen demand and there are also internal political tensions.

Total population - OECD but 2009.

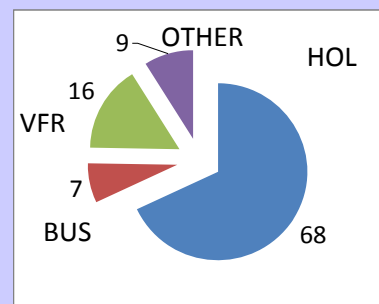
BRAZIL



DEMOGRAPHICS & ECONOMY

Total population (millions)	190.8
Demographic growth rate (% per annum)	0.9
Distance of capital / major city (miles)	5,770
Internet penetration rate	34.4
GDP (PPP) in bns. US dollars	2,294
GDP growth rate (% per annum over 2000-2010)	3.7
GDP per capita in US dollars	11,273
Medium term GDP growth forecast (%)	4.3
ILO unemployment rate (%)	5.8

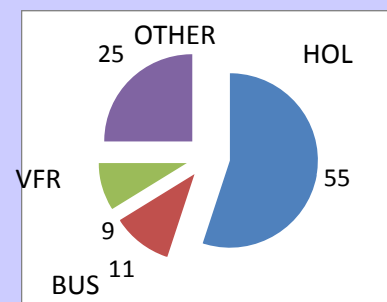
Share of visits



VISITS

Visits in 2010 (thousands)	149
% of visits which are holiday	68
% of visits which are business	7
% of visits VFR	16

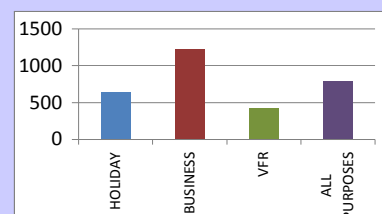
Share of spend



SPEND

Spend in 2010 (millions)	118
% of spend which is holiday	55
% of spend which is business	11
% of spend which is VFR	9
Holiday spend per visit (£)	640
Business spend per visit (£)	1222
VFR spend per visit (£)	425
All purposes spend per night (£)	88
All purposes spend per visit (£)	789

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Brazil's young and rapidly expanding population coupled with high GDP growth have ensured the expansion of a middle class with access to credit and a strong currency. Brazilian visitors tend overwhelmingly to be on holiday, young and making their first visit to the UK. Shopping now forms an integral part of the Brazilian holiday experience and packages (especially in the US) are specifically targeting this group. Whilst perceptions of the UK are generally positive, the UK never excels. For example, it does well on heritage but half as many Brazilians again cited Italy. It also did reasonably on luxury but France was the clear winner. Furthermore, the UK is not seen as either 'fun' or 'trendy' by Brazilians. Within the UK, London is by far the most visited city, attracting nearly 20 times as many visitors as the next most visited UK urban area. Brazil is expected by the OECD to grow beneath trend rates over the next two years.

Total population - Brazilian Census estimate, August 2010

ILO unemployment - official estimate, 3 months to October 2011.

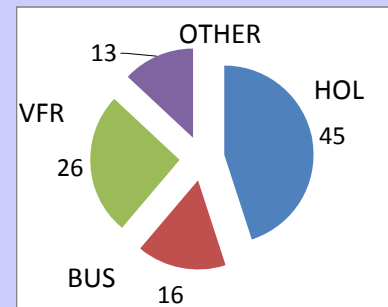
CANADA



DEMOGRAPHICS & ECONOMY

Total population (millions)	34.1
Demographic growth rate (% per annum)	1.3
Distance of capital / major city (miles)	3,250
Internet penetration rate	74.9
GDP (PPP) in bns. US dollars	1,382
GDP growth rate (% per annum over 2000-2010)	2.2
GDP per capita in US dollars	39,171
Medium term GDP growth forecast (%)	2.4
ILO unemployment rate (%)	8.0

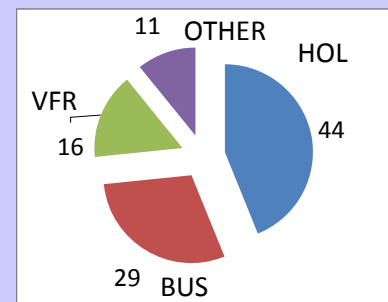
Share of visits



VISITS

Visits in 2010 (thousands)	389
% of visits which are holiday	45
% of visits which are business	16
% of visits VFR	26

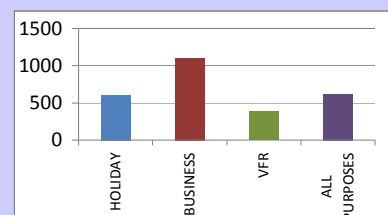
Share of spend



SPEND

Spend in 2010 (millions)	242
% of spend which is holiday	44
% of spend which is business	29
% of spend which is VFR	16
Holiday spend per visit (£)	611
Business spend per visit (£)	1103
VFR spend per visit (£)	387
All purposes spend per night (£)	93
All purposes spend per visit (£)	622

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Canadians view the UK as an 'educational', 'fascinating' and 'exciting' destination. The UK is the fifth most visited destination for Canadians after the US, Cuba, France and Mexico. Canada is quite an aged inbound market, demographically dominated by people in their 40s, 50s and 60s. The emerging trend of 'snowbird' winter travel for Canadian retirees suggests that, in future, the age profile of Canadian tourism could be older still. Canadian tourists have benefited from a considerable strengthening of the Canadian dollar against Sterling since 2007. Canadians have a very distinctive activity profile whilst in the UK with golf being a particularly popular activity. Furthermore 1 in 3 Canadians will visit a theatre whilst in the UK compared to nearer 1 in 6 generally. Ancestry is also an important factor influencing decisions to holiday in the UK - although this is likely to have a more direct relevance to Scotland. The London data suggest a very high share of holiday visits which is not similarly reflected in spend. With very high indebtedness, the economic outlook has weakened.

No footnotes - all sources as in general key.

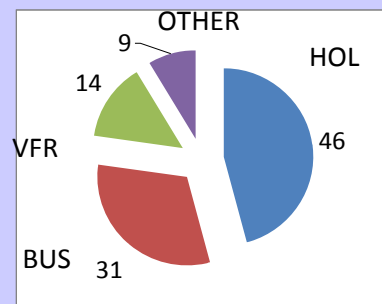
CHINA (PRC)



DEMOGRAPHICS & ECONOMY

Total population (millions)	1332.6
Demographic growth rate (% per annum)	0.5
Distance of capital / major city (miles)	5,720
Internet penetration rate	22.4
GDP (PPP) in bns. US dollars	10,827
GDP growth rate (% per annum over 2000-2010)	10.3
GDP per capita in US dollars	7,544
Medium term GDP growth forecast (%)	9.5
ILO unemployment rate (%)	4.3

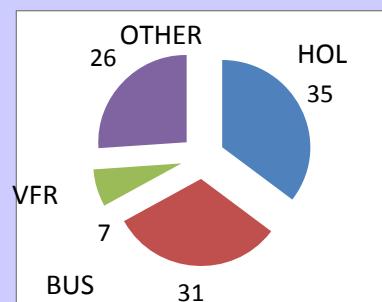
Share of visits



VISITS

Visits in 2010 (thousands)	79
% of visits which are holiday	46
% of visits which are business	31
% of visits VFR	14

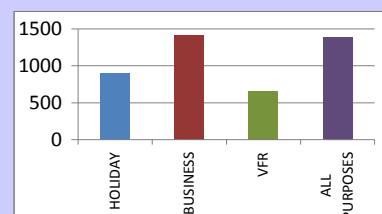
Share of spend



SPEND

Spend in 2010 (millions)	110
% of spend which is holiday	35
% of spend which is business	31
% of spend which is VFR	7
Holiday spend per visit (£)	905
Business spend per visit (£)	1410
VFR spend per visit (£)	651
All purposes spend per night (£)	110
All purposes spend per visit (£)	1391

Spend per visit (£)



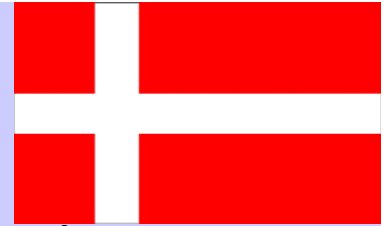
Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

China is the most populous country on the planet by a significant margin and sources of inspiration for holidays are often very different from those for other countries with books and television playing a major part. Average spend is extremely high. Britain's culture is seen as a big pull and Britain is ranked as first choice as a destination were money to be no object. As it is, all top 8 destinations are Asian countries (albeit given that HK and Macau should really be treated as internal destinations). Only Russia and France scrape in as European countries in the Top 10. Britain accounted for 0.4% of all outbound visits in 2010 and, on account of falling numbers over 2008 and 2009, the UK actually lost market share amongst major competitors since 2005. Although the Chinese rarely travel in family groups, family visits are far more important than visits to friends. Premier League football has become an obsession amongst some elements of society. Many still have problems getting a passport. Economic growth has slowed on account of higher interest rates and tighter credit.

Total population estimate - official state estimate 2010.

ILO unemployment - state estimate for 3 months to October 2011 covering urban areas only.

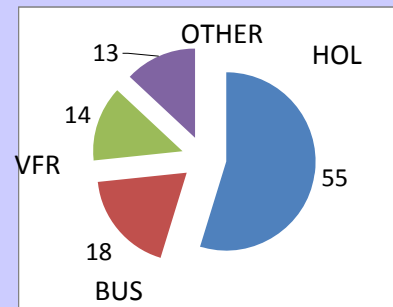
DENMARK



DEMOGRAPHICS & ECONOMY

Total population (millions)	5.5
Demographic growth rate (% per annum)	0.7
Distance of capital / major city (miles)	590
Internet penetration rate	94.2
GDP (PPP) in bns. US dollars	203
GDP growth rate (% per annum over 2000-2010)	0.9
GDP per capita in US dollars	36,443
Medium term GDP growth forecast (%)	2.0
ILO unemployment rate (%)	7.4

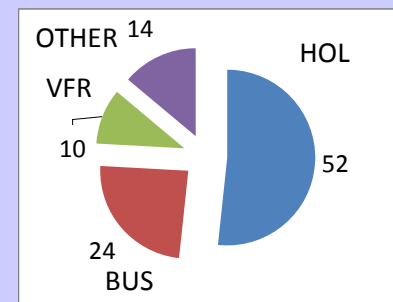
Share of visits



VISITS

Visits in 2010 (thousands)	274
% of visits which are holiday	55
% of visits which are business	18
% of visits VFR	14

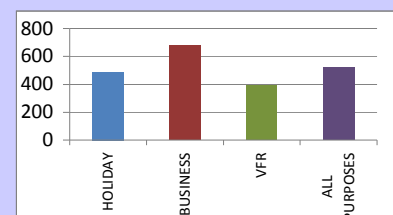
Share of spend



SPEND

Spend in 2010 (millions)	142
% of spend which is holiday	52
% of spend which is business	24
% of spend which is VFR	10
Holiday spend per visit (£)	489
Business spend per visit (£)	680
VFR spend per visit (£)	394
All purposes spend per night (£)	135
All purposes spend per visit (£)	520

Spend per visit (£)

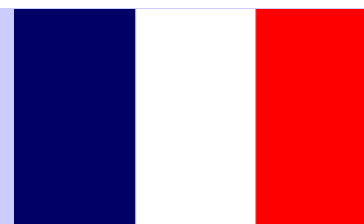


Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Although the Danes are far less likely than others to define Britain as 'exciting', after visiting, 46% were 'extremely likely' to recommend visiting Britain with a further 42% 'very likely'. The Danish are more likely than other Europeans to cite 'rest / recreation' as a holiday motivator and more likely to cite sun / beach'. However, cultural heritage is also seen as important. Danes have opportunities to do all these things since the minimum annual leave is 30 days. The most visited destinations in 2010 were Sweden, Germany, Spain, Norway and France - followed by the UK. Britain accounted for around 6% of all outbound Danish trips in 2010 - broadly maintaining its market share since 2005. There are more male than female visitors - especially in the 25-54 cohort. Although the vast majority of Danes arrive by air, ferries are also important - both for drivers and foot passengers. 4% of visitor spend is for personal shopping. London is by far the most popular UK destination for holiday visits. The OECD sees the muted economic recovery grinding to a halt as labour market conditions drag on consumption.

No footnotes - all sources as in general key.

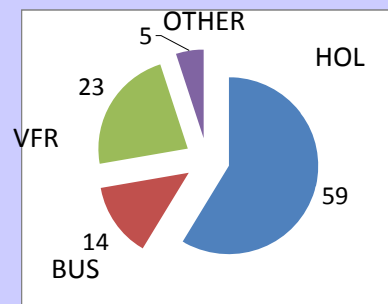
FRANCE



DEMOGRAPHICS & ECONOMY

Total population (millions)	62.6
Demographic growth rate (% per annum)	0.5
Distance of capital / major city (miles)	210
Internet penetration rate	69.3
GDP (PPP) in bns. US dollars	2,205
GDP growth rate (% per annum over 2000-2010)	1.4
GDP per capita in US dollars	33,910
Medium term GDP growth forecast (%)	1.8
ILO unemployment rate (%)	9.3

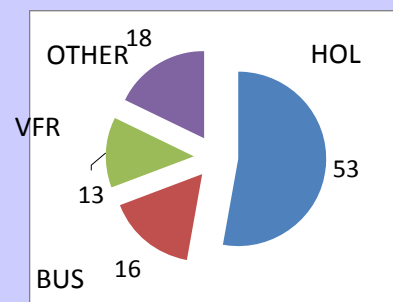
Share of visits



VISITS

Visits in 2010 (thousands)	1624
% of visits which are holiday	59
% of visits which are business	14
% of visits VFR	23

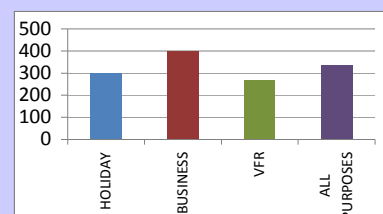
Share of spend



SPEND

Spend in 2010 (millions)	544
% of spend which is holiday	53
% of spend which is business	16
% of spend which is VFR	13
Holiday spend per visit (£)	302
Business spend per visit (£)	399
VFR spend per visit (£)	266
All purposes spend per night (£)	82
All purposes spend per visit (£)	335

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Low average trip spend on holidays due to proximity and short stays - a classic short-stay market. There is an ongoing shift from long summer holidays to multiple weekends away which should favour the UK. The French show a preference for city trips and, with regard to the UK, this means London, which is seen as the 'main attraction' of England. Other cities visited tend to be nearby (Oxford and Cambridge in particular) but, in general, knowledge of other regions is poor even when places are associated with football. The UK is viewed as the 4th most exciting country in terms of contemporary culture - especially London with its ethnic diversity. Amongst barriers to visits are expensive public transport (the London Underground is singled out) and a less 'welcoming' attitude than other cultures. The UK is expected to maintain its place as the third most popular destination from France in 2014. Given the sharp slowdown triggered by the unresolved EU sovereign debt crisis, France may have entered a short and shallow recession*.

Total population - OECD but 2009.

* This was written prior to the release of French GDP growth for Q4 2011.

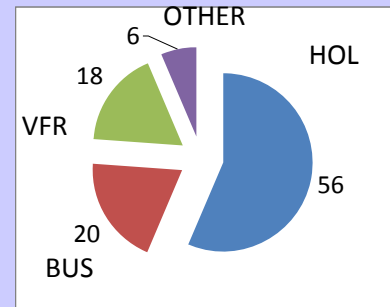
GERMANY



DEMOGRAPHICS & ECONOMY

Total population (millions)	81.9
Demographic growth rate (% per annum)	-0.3
Distance of capital / major city (miles)	580
Internet penetration rate	75.3
GDP (PPP) in bns. US dollars	3,048
GDP growth rate (% per annum over 2000-2010)	1.2
GDP per capita in US dollars	36,081
Medium term GDP growth forecast (%)	2.0
ILO unemployment rate (%)	7.1

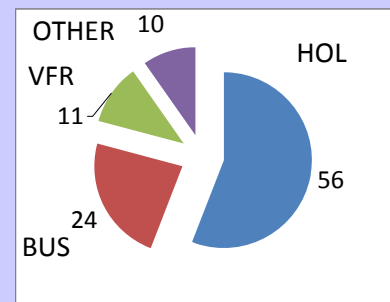
Share of visits



VISITS

Visits in 2010 (thousands)	1257
% of visits which are holiday	56
% of visits which are business	20
% of visits VFR	18

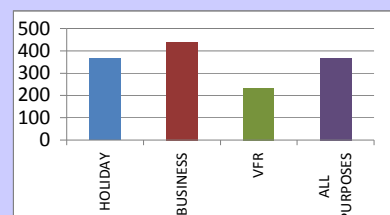
Share of spend



SPEND

Spend in 2010 (millions)	465
% of spend which is holiday	56
% of spend which is business	24
% of spend which is VFR	11
Holiday spend per visit (£)	365
Business spend per visit (£)	441
VFR spend per visit (£)	235
All purposes spend per night (£)	81
All purposes spend per visit (£)	370

Spend per visit (£)

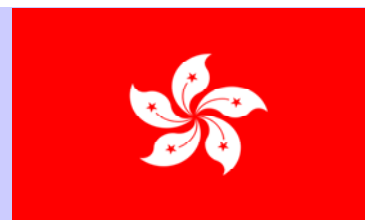


Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Germany's aging population enjoys a high standard of living with more than 900,000 residents seen as High Net Worth Individuals. The country's high population of 82 million is actually declining through a combination of positive net migration offset by negative natural increase. The UK ranks 6th amongst Germans' most visited destinations. The annual number of visits to Britain from Germany could increase to around 4 million by 2020. Two aspects on which Britain performs well in terms of German perceptions are historic buildings and vibrant city life but Britain's 'rich and interesting history' is trumped by both France and Italy. The UK tends to be seen as expensive by Germans in spite of currency movements over the past few years. 36% of Germans used a travel agency to book their holidays in 2010. In spite of the current robustness of the economy, Germany still faces a period of relative economic weakness following lower global trade growth which hits Germany through weaker exports and investment.

Total population - OECD but 2009.

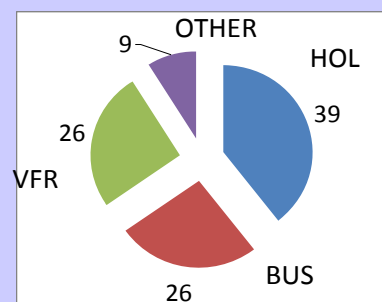
HONG KONG (ADMINISTRATIVE REGION)



DEMOGRAPHICS & ECONOMY

Total population (millions)	7.1
Demographic growth rate (% per annum)	0.6
Distance of capital / major city (miles)	5,980
Internet penetration rate	69.5
GDP (PPP) in bns. US dollars	347
GDP growth rate (% per annum over 2000-2010)	4.4
GDP per capita in US dollars	45,944
Medium term GDP growth forecast (%)	Not available
ILO unemployment rate (%)	3.3

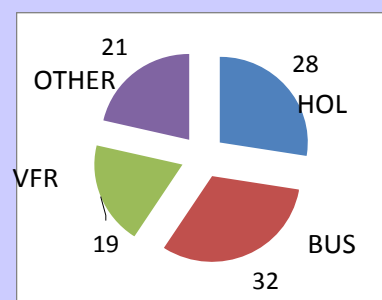
Share of visits



VISITS

Visits in 2010 (thousands)	84
% of visits which are holiday	39
% of visits which are business	26
% of visits VFR	26

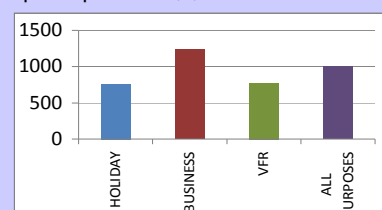
Share of spend



SPEND

Spend in 2010 (millions)	85
% of spend which is holiday	28
% of spend which is business	32
% of spend which is VFR	19
Holiday spend per visit (£)	760
Business spend per visit (£)	1237
VFR spend per visit (£)	772
All purposes spend per night (£)	150
All purposes spend per visit (£)	1004

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

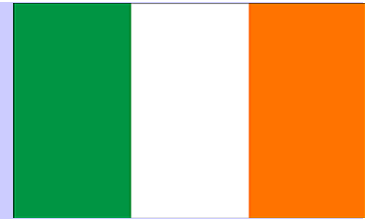
The average visit to the UK from Hong Kong is under 7 nights. In fact a very substantial proportion is for only 1 to 3 nights. This is not entirely the result of business tourism. 12 days of annual leave per year is the usual holiday entitlement making the UK a long journey for such a short stay. For this reason Hong Kongers tend to prefer Asian destinations. Another unforeseen barrier is precisely what attracts so many to Britain: its historical culture. Most HK tourists are looking for fun and the UK tends to be seen as a boring school museum trip to a destination with foggy weather. Knowledge of the UK is greater than for other European competitors but it is also seen as snobbish at least partly on account of Britain's colonial past. British cookery programmes are popular and HK residents tend to eat out between 3 and 5 times per week. The UK is expected to rise to the 7th most popular tourist destination by 2014 (from 10th in 2009) although figures are warped by the inclusion of day trips to mainland China and Macau.

Total population estimate - HK Census 2010

ILO unemployment - official estimate 3 months to October 2011.

Demographic growth - HK official estimate, mid-year 2011.

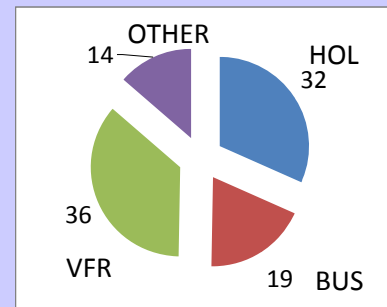
REPUBLIC OF IRELAND



DEMOGRAPHICS & ECONOMY

Total population (millions)	4.4
Demographic growth rate (% per annum)	1.0
Distance of capital / major city (miles)	290
Internet penetration rate	58
GDP (PPP) in bns. US dollars	174
GDP growth rate (% per annum over 2000-2010)	3.1
GDP per capita in US dollars	39,492
Medium term GDP growth forecast (%)	1.9
ILO unemployment rate (%)	13.6

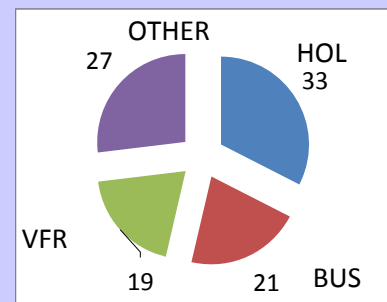
Share of visits



VISITS

Visits in 2010 (thousands)	657
% of visits which are holiday	32
% of visits which are business	19
% of visits VFR	36

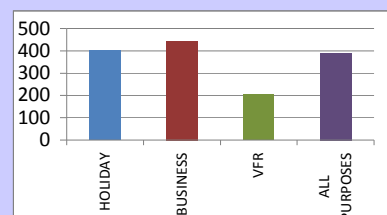
Share of spend



SPEND

Spend in 2010 (millions)	257
% of spend which is holiday	33
% of spend which is business	21
% of spend which is VFR	19
Holiday spend per visit (£)	403
Business spend per visit (£)	445
VFR spend per visit (£)	207
All purposes spend per night (£)	105
All purposes spend per visit (£)	391

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

After the collapse of the 'Celtic Tiger' years, Ireland has experienced a massive economic shock. The country received a £72 billion bailout from the EU, ECB and IMF in November 2010. Furthermore, public spending is set to be cut by a further 2.2 billion Euros a year and tax raised by 15 billion Euros. The country's austerity policies have hit consumer spend. After growing in the first two quarters of 2011, the Irish economy contracted sharply in the third quarter with a near 20% decline in construction output wiping out any gains made in other sectors. Unemployment is high and is expected to remain so. Many economists are downgrading their forecasts for growth in 2012 on the back of trade and domestic demand.

In London over a third of all visits and nearly one fifth of spend is accounted for by VFR.

No footnotes - all sources as in general key.

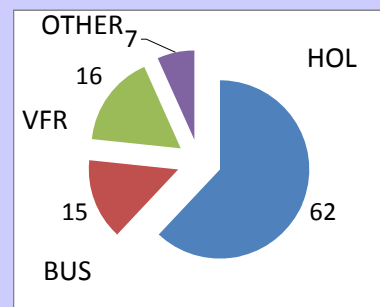
ITALY



DEMOGRAPHICS & ECONOMY

Total population (millions)	60.2
Demographic growth rate (% per annum)	0.7
Distance of capital / major city (miles)	890
Internet penetration rate	51.7
GDP (PPP) in bns. US dollars	1,812
GDP growth rate (% per annum over 2000-2010)	0.6
GDP per capita in US dollars	29,480
Medium term GDP growth forecast (%)	1.3
ILO unemployment rate (%)	8.4

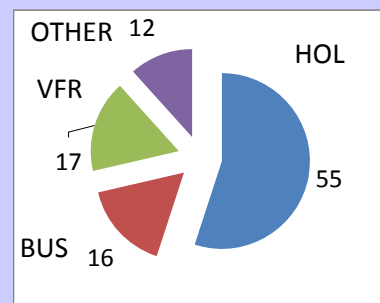
Share of visits



VISITS

Visits in 2010 (thousands)	932
% of visits which are holiday	62
% of visits which are business	15
% of visits VFR	16

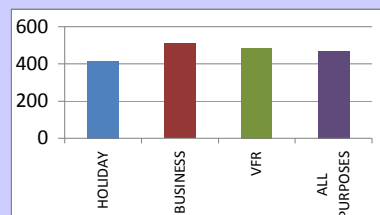
Share of spend



SPEND

Spend in 2010 (millions)	437
% of spend which is holiday	55
% of spend which is business	16
% of spend which is VFR	17
Holiday spend per visit (£)	417
Business spend per visit (£)	511
VFR spend per visit (£)	487
All purposes spend per night (£)	81
All purposes spend per visit (£)	469

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

The UK is the third most popular destination for Italian tourists after France and Spain and Tourism Decision Metrics expects the UK to maintain that ranking in 2014. France and Spain are appreciated because they are seen as welcoming and have good food. Neither is generally associated with the UK. British people are perceived to be aloof and cold. Italians actually had a higher awareness score for London than British domestic tourists but London is not seen as a very suitable destination for travellers with children. However, for teenagers and younger adults the UK is perceived as a trendy and fashionable destination. However, there are very strong economic headwinds facing Italy. The country has already experienced a very stagnant decade in GDP terms and now finds itself in a sovereign debt-ridden chaos. Any sign of economic recovery has lost momentum and the OECD forecasts output to continue to decline well into 2012. Alongside this, continued austerity measures will result in increased unemployment and moderated wage growth.

Total population - OECD but 2009.

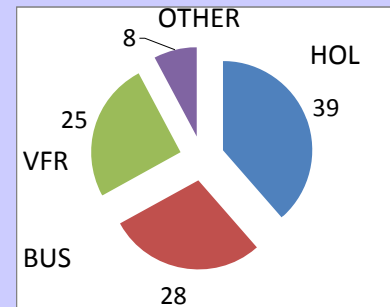
INDIA



DEMOGRAPHICS & ECONOMY

Total population (millions)	1120.2
Demographic growth rate (% per annum)	1.3
Distance of capital / major city (miles)	4,170
Internet penetration rate	7.14
GDP (PPP) in bns. US dollars	4,448
GDP growth rate (% per annum over 2000-2010)	7.3
GDP per capita in US dollars	3,408
Medium term GDP growth forecast (%)	5.7
ILO unemployment rate (%)	10.8

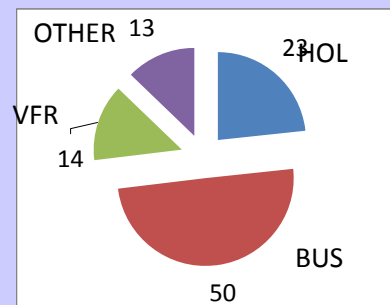
Share of visits



VISITS

Visits in 2010 (thousands)	236
% of visits which are holiday	39
% of visits which are business	28
% of visits VFR	25

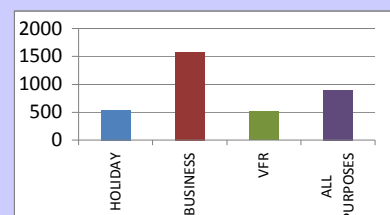
Share of spend



SPEND

Spend in 2010 (millions)	213
% of spend which is holiday	23
% of spend which is business	50
% of spend which is VFR	14
Holiday spend per visit (£)	547
Business spend per visit (£)	1580
VFR spend per visit (£)	514
All purposes spend per night (£)	53
All purposes spend per visit (£)	905

Spend per visit (£)

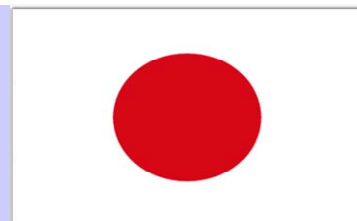


Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

With over 1.1 billion people, India is the world's second most populous country. Currently, almost one in three of the population is aged under 15. The rise of the middle class has increased both English language literacy and a rise in the uptake of foreign travel. Britain is seen as very expensive and Indian tourists are keen to maximise value for money. If money were no object the UK would rank 4th as an aspirational destination behind Switzerland - a popular Bollywood backdrop. Indeed the association of Waterloo, Trafalgar Square, Tower Bridge and Hyde Park (amongst other venues) with the Bollywood film industry is an asset for London. London has also become a key hub for Indian business tourism and nearly a quarter of visitors to Britain are VFR with very long average stays. The UK currently ranks 10th and accounts for 4.6% of outbound trips. Bahrain and Singapore are the top destinations. Tourism Decision Metrics believes that an additional 200,000 tourists between 2008 and 2014 will take the UK to 8th. Growth is expected to remain subdued on weak global demand.

Population estimate from Indian Census and refers to 2011.

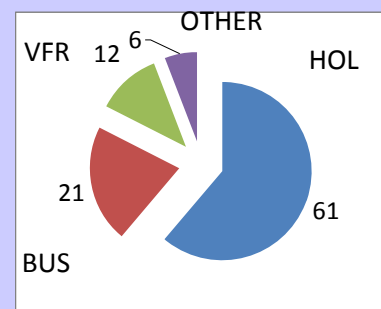
JAPAN



DEMOGRAPHICS & ECONOMY

Total population (millions)	127.5
Demographic growth rate (% per annum)	-0.1
Distance of capital / major city (miles)	5,950
Internet penetration rate	75.5
GDP (PPP) in bns. US dollars	4,418
GDP growth rate (% per annum over 2000-2010)	0.9
GDP per capita in US dollars	33,885
Medium term GDP growth forecast (%)	1.6
ILO unemployment rate (%)	5.0

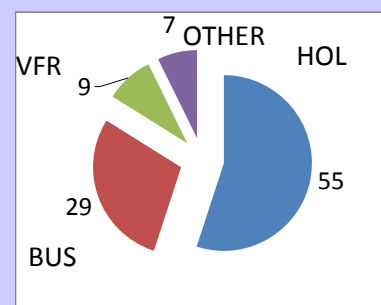
Share of visits



VISITS

Visits in 2010 (thousands)	168
% of visits which are holiday	61
% of visits which are business	21
% of visits VFR	12

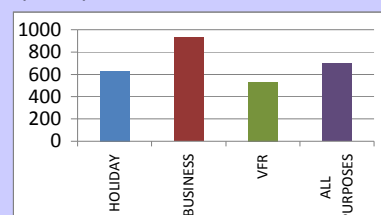
Share of spend



SPEND

Spend in 2010 (millions)	118
% of spend which is holiday	55
% of spend which is business	29
% of spend which is VFR	9
Holiday spend per visit (£)	634
Business spend per visit (£)	930
VFR spend per visit (£)	531
All purposes spend per night (£)	112
All purposes spend per visit (£)	700

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

In spite of economic problems over the past two decades, Japan remains the 3rd largest global economy but real spend from Japanese visitors is down around 75% over the period 1995-2010. The eastern earthquake of March 2011 dramatically reduced travel but this has now recovered. A counter-trend resulted from Fukushima with employers encouraging staff to take much longer holidays than usual. Typically the Japanese only take half of their annual leave. The working age population is expected to decline very markedly at a rate averaging 0.8% per annum over the next 2 decades as Japanese society ages. In spite of this rapidly expanding 'Over 65' cohort, there are very few visitors to Britain from this market. Instead the modal cohort for males is 35-44 and for females 25-34. Three quarters of visits to Britain are to London and the red double decker is the most prominent iconic image to the Japanese. In spite of traditional animosities, China is the most visited with Britain not making it into the Top 10 (although Germany and France both do).

Population OECD but for 2009

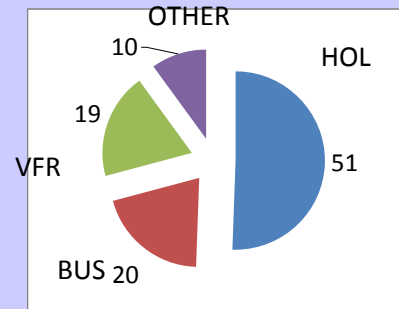
NETHERLANDS



DEMOGRAPHICS & ECONOMY

Total population (millions)	16.5
Demographic growth rate (% per annum)	0.5
Distance of capital / major city (miles)	220
Internet penetration rate	85.6
GDP (PPP) in bns. US dollars	695
GDP growth rate (% per annum over 2000-2010)	1.6
GDP per capita in US dollars	40,973
Medium term GDP growth forecast (%)	1.6
ILO unemployment rate (%)	4.5

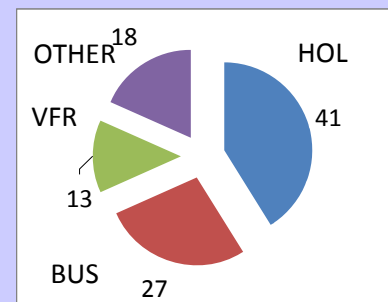
Share of visits



VISITS

Visits in 2010 (thousands)	621
% of visits which are holiday	51
% of visits which are business	20
% of visits VFR	19

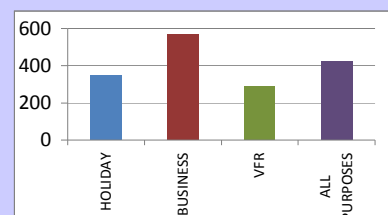
Share of spend



SPEND

Spend in 2010 (millions)	264
% of spend which is holiday	41
% of spend which is business	27
% of spend which is VFR	13
Holiday spend per visit (£)	349
Business spend per visit (£)	567
VFR spend per visit (£)	291
All purposes spend per night (£)	118
All purposes spend per visit (£)	425

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

France is the most visited destination for Dutch tourists followed by Germany and Spain. Although France is still considered to be expensive, it is valued for a variety of reasons from campsites and landscape diversity to quality food and drink. Germany and Spain follow. The UK ranks 5th and, according to the Tourism Decision Metrics model, it is expected to maintain its position in 2014. At present the US is the only long haul destination in the Top 10 and it is not expected to maintain that position. For the UK, the Netherlands is essentially a short breaks inbound market. London stands out as a strong offer on this front - seen as expensive but worth it thanks to its mix of trendy modernity and rich traditions. Visitors from Noord and Zuid Holland dominate visitor numbers to Britain. If money were no object the Dutch would be most likely to visit Australia or Canada - two of the countries deemed to have the richest natural landscapes by the Dutch. Spend per visit to London tends to be low on account of short stays. The economy contracted in the second half of 2011.

Total population - OECD but 2009.

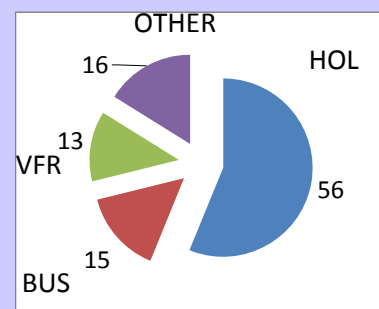
NORWAY



DEMOGRAPHICS & ECONOMY

Total population (millions)	4.9
Demographic growth rate (% per annum)	1.2
Distance of capital / major city (miles)	720
Internet penetration rate	90.9
GDP (PPP) in bns. US dollars	266
GDP growth rate (% per annum over 2000-2010)	1.7
GDP per capita in US dollars	51,959
Medium term GDP growth forecast (%)	2.5
ILO unemployment rate (%)	3.6

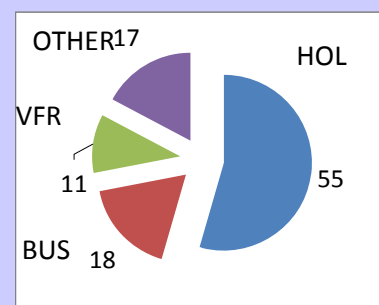
Share of visits



VISITS

Visits in 2010 (thousands)	372
% of visits which are holiday	56
% of visits which are business	15
% of visits VFR	13

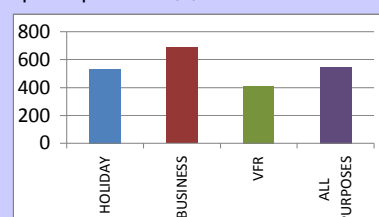
Share of spend



SPEND

Spend in 2010 (millions)	204
% of spend which is holiday	55
% of spend which is business	18
% of spend which is VFR	11
Holiday spend per visit (£)	531
Business spend per visit (£)	687
VFR spend per visit (£)	416
All purposes spend per night (£)	157
All purposes spend per visit (£)	549

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Norwegian visitors are relatively upbeat about the welcome they receive in Britain. Although trips tend to be shorter than average, spend per night is so high that average spend per visitor is actually higher than for most European countries. Around 8% of trips are primarily 'to watch sport'. Expense does not seem to be a major issue with Norwegian travellers who are accustomed to high prices for public transport, eating out etc. Norway is distinct in associating Britain more with pop videos than with museums. Possibly due to the prevailing climate in Norway, respondents prefer beach holidays to other types of trip. 'Rest / relaxation' was far less of a motivator than it was in many European countries. The most popular destinations were Spain and other Scandinavian countries but two thirds of holidays (and one third of holiday spend) in 2010 was domestic. The UK ranked 5th. Very few Norwegian visitors - either on holiday or business - combined visiting Britain with other destinations. The economy has entered a soft patch due to weakened demand and exports.

No footnotes - all sources as in general key.

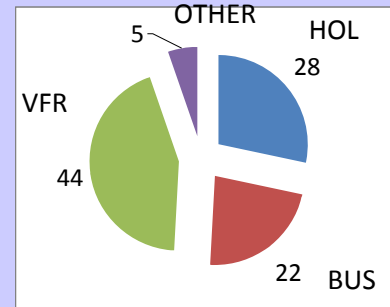
POLAND



DEMOGRAPHICS & ECONOMY

Total population (millions)	38.2
Demographic growth rate (% per annum)	0.1
Distance of capital / major city (miles)	900
Internet penetration rate	52
GDP (PPP) in bns. US dollars	757
GDP growth rate (% per annum over 2000-2010)	3.9
GDP per capita in US dollars	18,981
Medium term GDP growth forecast (%)	3.8
ILO unemployment rate (%)	9.6

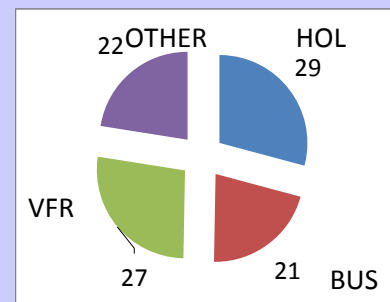
Share of visits



VISITS

Visits in 2010 (thousands)	356
% of visits which are holiday	28
% of visits which are business	22
% of visits VFR	44

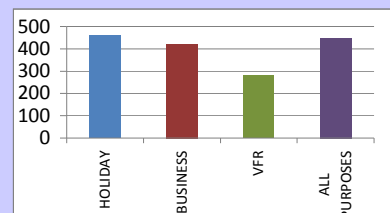
Share of spend



SPEND

Spend in 2010 (millions)	160
% of spend which is holiday	29
% of spend which is business	21
% of spend which is VFR	27
Holiday spend per visit (£)	462
Business spend per visit (£)	422
VFR spend per visit (£)	281
All purposes spend per night (£)	40
All purposes spend per visit (£)	450

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Poland has been the exception in Europe - having experienced no recession. Poland is a youthful market with more than half of visitors being under 35 (although business visitors tend to be older). There has been a strong upward trend in the use of packages although - to date - these have been firmly rooted in sun and sand holidays. Natural scenery is a major driver in choice of holiday destination. This doesn't benefit the UK as it isn't seen as scenic by Poles. The main reasons for not going away in 2010 were financial and the UK is also competing with cheaper domestic holidays. Young Poles frequently see the UK as a place to learn English. Costs of both accommodation and food & drink are seen as barriers to visiting the UK although exchange rates have shifted markedly in Polish tourists' favour. A significant element of Polish business tourism is accounted by long distance truck drivers. Poles were more likely to be aware of London than any other region although young Poles were also aware of destinations such as Oxford and Liverpool.

No footnotes - all sources as in general key.

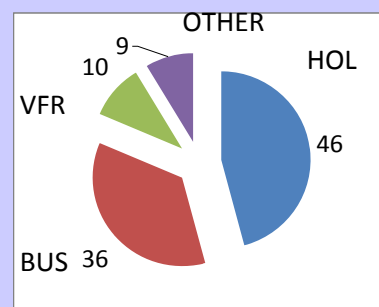
RUSSIA



DEMOGRAPHICS & ECONOMY

Total population (millions)	142.9
Demographic growth rate (% per annum)	-0.1
Distance of capital / major city (miles)	1,560
Internet penetration rate	27
GDP (PPP) in bns. US dollars	2,356
GDP growth rate (% per annum over 2000-2010)	5.3
GDP per capita in US dollars	15,612
Medium term GDP growth forecast (%)	4.4
ILO unemployment rate (%)	6.4

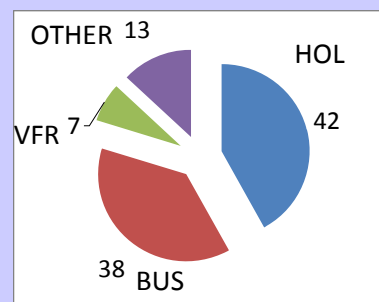
Share of visits



VISITS

Visits in 2010 (thousands)	119
% of visits which are holiday	46
% of visits which are business	36
% of visits VFR	10

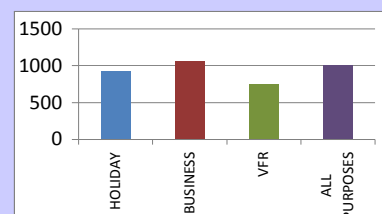
Share of spend



SPEND

Spend in 2010 (millions)	120
% of spend which is holiday	42
% of spend which is business	38
% of spend which is VFR	7
Holiday spend per visit (£)	922
Business spend per visit (£)	1072
VFR spend per visit (£)	751
All purposes spend per night (£)	133
All purposes spend per visit (£)	1009

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Russia acceded to the World Trade Organization in December 2011. Population decline has slowed from its rate of recent years as a result of changes to child assistance policies. To some extent the UK still suffers from the image presented of it by Soviet era films: a land of permanent rain and fog. However, Britain is seen as 'fun' and 'trendy' by many Russians. Its weakest attribute is that it is not viewed as a particularly 'relaxing' destination. It also tends to take more time for Russians to obtain a UK visa than one for the Schengen Area. Russian tourists have a high per night spend although total spend actually has a long way to recover to arrive back at the levels of 2007 (in real terms). Business visits are important - both to London and to Britain as a whole. The most visited countries are Ukraine, Turkey and Egypt with several western European countries making it into the Top 10 - but not the UK. By far the most frequent cohort for Russian visitors is 25-34 years. Although confidence has weakened, growth momentum seems likely to be maintained, supported by the energy sector.

Total population - Russian Census estimate, January 2011

ILO unemployment - official estimate, 3 months to October 2011.

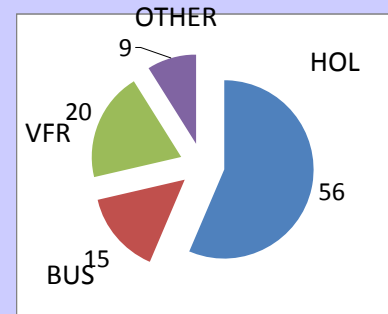
SPAIN



DEMOGRAPHICS & ECONOMY

Total population (millions)	46.1
Demographic growth rate (% per annum)	0.9
Distance of capital / major city (miles)	780
Internet penetration rate	66.8
GDP (PPP) in bns. US dollars	1,395
GDP growth rate (% per annum over 2000-2010)	2.4
GDP per capita in US dollars	29,830
Medium term GDP growth forecast (%)	1.4
ILO unemployment rate (%)	20.1

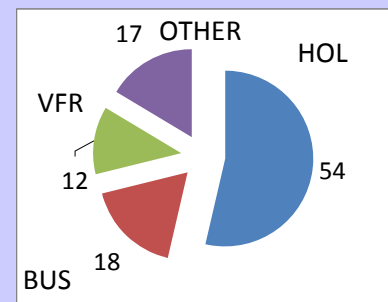
Share of visits



VISITS

Visits in 2010 (thousands)	875
% of visits which are holiday	56
% of visits which are business	15
% of visits VFR	20

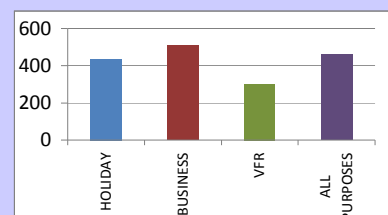
Share of spend



SPEND

Spend in 2010 (millions)	403
% of spend which is holiday	54
% of spend which is business	18
% of spend which is VFR	12
Holiday spend per visit (£)	437
Business spend per visit (£)	510
VFR spend per visit (£)	302
All purposes spend per night (£)	89
All purposes spend per visit (£)	461

Spend per visit (£)

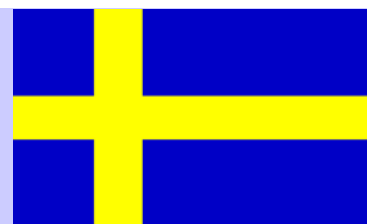


Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

The signs are that Spanish travellers are minding their budgets but not sacrificing their trips. However, the UK faces increasing competition from other countries served by low cost airlines. Spain is one of the best connected markets to the UK. At present, the main destinations are Germany, Portugal and Italy followed by the UK although the UK ranks only 6th amongst the most valuable source markets. Nearly half of all visits to the UK are actually to London but VFR is less significant for the capital. The strong VFR element elsewhere in the UK is driven by 750,000 British nationals who live there permanently and who represent 1 in 4 of all 'Spanish' visitors to the UK. Between them, Ryanair and Easy Jet have half of all seat capacity. One very negative factor is the current rate of unemployment in Spain - higher than in any other Western European economy. The OECD suggests that unemployment may peak around the 23% mark in 2012. Meanwhile, ongoing budgetary consolidation is likely to weaken demand.

No footnotes - all sources as in general key.

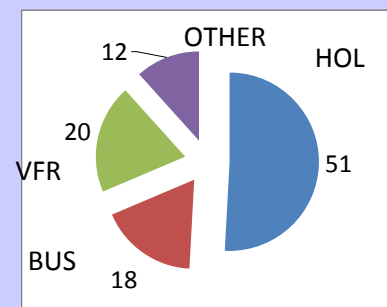
SWEDEN



DEMOGRAPHICS & ECONOMY

Total population (millions)	9.4
Demographic growth rate (% per annum)	0.9
Distance of capital / major city (miles)	890
Internet penetration rate	89.2
GDP (PPP) in bns. US dollars	372
GDP growth rate (% per annum over 2000-2010)	2.3
GDP per capita in US dollars	38,204
Medium term GDP growth forecast (%)	3.6
ILO unemployment rate (%)	8.4

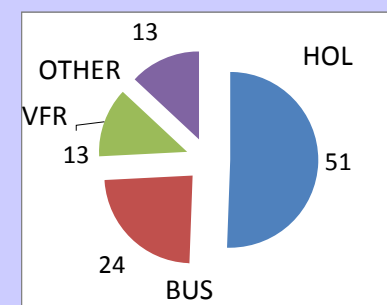
Share of visits



VISITS

Visits in 2010 (thousands)	443
% of visits which are holiday	51
% of visits which are business	18
% of visits VFR	20

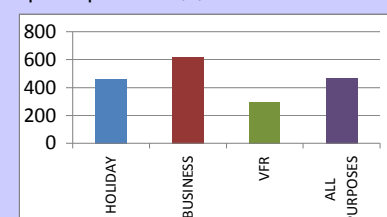
Share of spend



SPEND

Spend in 2010 (millions)	207
% of spend which is holiday	51
% of spend which is business	24
% of spend which is VFR	13
Holiday spend per visit (£)	466
Business spend per visit (£)	622
VFR spend per visit (£)	297
All purposes spend per night (£)	122
All purposes spend per visit (£)	467

Spend per visit (£)

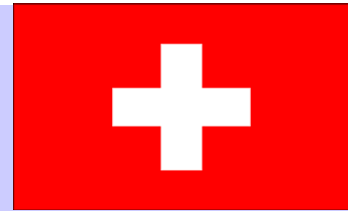


Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Sweden was Britain's 11th largest inbound market in volume terms in 2010 thanks to a good recovery with respect to 2009. The UK ranks 5th in terms of the most visited destinations after Norway, Spain, Germany and Denmark. No long haul destination features within the Top 10. Britain accounted for around 7% of all outbound trips in 2010 and has broadly maintained its market share since 2005. Four to six week vacations are not uncommon amongst Swedes although some of this will be absorbed by family-owned cottages. Britain ranks second in perceptions of 'vibrant city life and urban attractions'. However, it is not admired for its scenic natural beauty. More than 12 times as many Swedes visit London as visit either Glasgow or Edinburgh - the two next most visited UK urban areas. There are more male than female visitors except amongst children. Overwhelmingly, Britain is not combined with other destinations. Sweden enjoyed a strong economic recovery up until mid-2011 but has since been hit by the global slowdown. Private consumption has been a key driver of growth.

No footnotes - all sources as in general key.

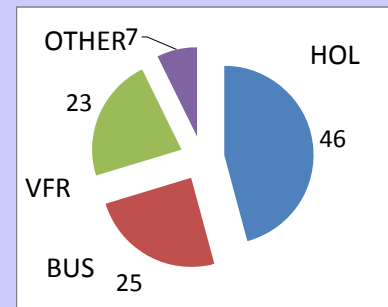
SWITZERLAND



DEMOGRAPHICS & ECONOMY

Total population (millions)	7.8
Demographic growth rate (% per annum)	1.0
Distance of capital / major city (miles)	460
Internet penetration rate	75.5
GDP (PPP) in bns. US dollars	336
GDP growth rate (% per annum over 2000-2010)	1.9
GDP per capita in US dollars	41,950
Medium term GDP growth forecast (%)	2.0
ILO unemployment rate (%)	4.5

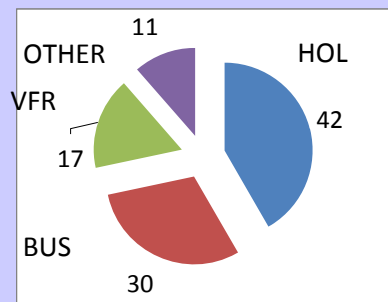
Share of visits



VISITS

Visits in 2010 (thousands)	315
% of visits which are holiday	46
% of visits which are business	25
% of visits VFR	23

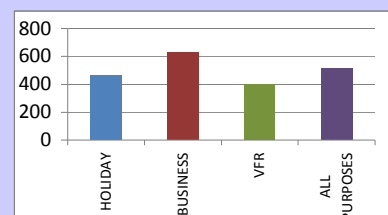
Share of spend



SPEND

Spend in 2010 (millions)	162
% of spend which is holiday	42
% of spend which is business	30
% of spend which is VFR	17
Holiday spend per visit (£)	466
Business spend per visit (£)	629
VFR spend per visit (£)	399
All purposes spend per night (£)	138
All purposes spend per visit (£)	516

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Switzerland is a high per night spend market with the quality of goods and services often being seen as more important than their price. Nevertheless, the Swiss are becoming more conscious of their travel budgets. The vast majority of Swiss who have visited the UK had a positive experience. London is viewed as being very different from the rest of the UK and is sometimes considered a 'tester' destination prior to exploring the UK more widely. Four out of five holidays are organised independently and the most popular destinations are France, Italy and Germany. Visits to the UK are forecast to grow and the UK is expected to continue to rank 6th amongst country destinations in 2014. Traditionally, the VFR share of visits has been high reflecting a large number of UK nationals resident there. The Swiss have stereotypical views of British food but this may change. Slowing activity in export markets and the strong currency depressed growth in the second half of 2011 but growth is expected to accelerate in 2012.

No footnotes - all sources as in general key.

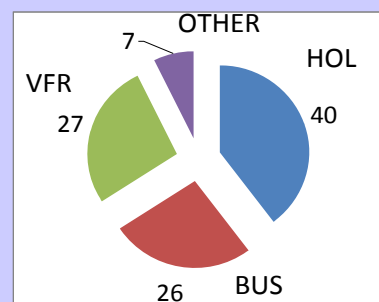
UNITED ARAB EMIRATES (UAE)



DEMOGRAPHICS & ECONOMY

Total population (millions)	8.3
Demographic growth rate (% per annum)	2.5
Distance of capital / major city (miles)	3,400
Internet penetration rate	48.9
GDP (PPP) in bns. US dollars	187
GDP growth rate (% per annum over 2000-2010)	6.3
GDP per capita in US dollars	47,439
Medium term GDP growth forecast (%)	3.8
ILO unemployment rate (%)	13

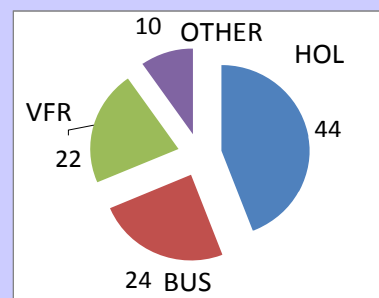
Share of visits



VISITS

Visits in 2010 (thousands)	107
% of visits which are holiday	40
% of visits which are business	26
% of visits VFR	27

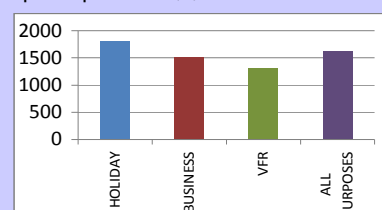
Share of spend



SPEND

Spend in 2010 (millions)	174
% of spend which is holiday	44
% of spend which is business	24
% of spend which is VFR	22
Holiday spend per visit (£)	1808
Business spend per visit (£)	1515
VFR spend per visit (£)	1311
All purposes spend per night (£)	154
All purposes spend per visit (£)	1625

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

For most Emiratis Britain is simply London with very little known about any other region. Britain is seen as a great location for holidays and as a medical destination. It is also associated with both shopping and heritage. It is perceived to be expensive but its association with luxury makes it a good place to show off. However, British people are not always perceived in a positive light with 'British reserve' being mistaken for arrogance. The visa application process is viewed as complicated if relatively inexpensive. Saudi Arabia is by far the most visited country although the UK is in 2nd place. Tourism Decision Metrics expects that the UK should maintain its ranking in 2014. Both spend per visit and spend per night are exceptionally high. Britain is seen as being close enough to Arab culture so as not to alienate travellers but also with many things to discover. Having four seasons is seen as a novelty but clouds and rain are seen as depressing. In spite of diversification in Dubai and Abu Dhabi, the economy is still very dependent on the oil price.

Total population - state estimate, July 2010

ILO unemployment rate - one of two official estimates. This one to conform to national guidelines (February 2011)

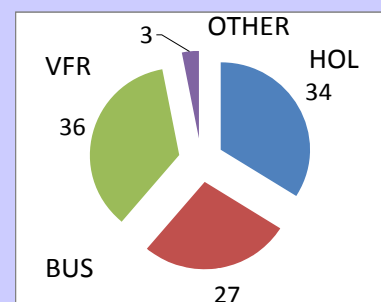
UK DOMESTIC TOURISM



DEMOGRAPHICS & ECONOMY

Total population (millions)	61.4
Demographic growth rate (% per annum)	0.7
Distance of capital / major city (miles)	0
Internet penetration rate	76.4
GDP (PPP) in bns. US dollars	2,233
GDP growth rate (% per annum over 2000-2010)	1.7
GDP per capita in US dollars	35,059
Medium term GDP growth forecast (%)	1.6
ILO unemployment rate (%)	7.8

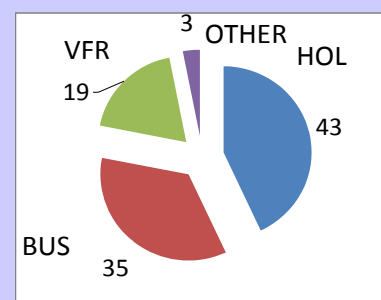
Share of visits



VISITS

Visits in 2010 (thousands)	11,580
% of visits which are holiday	34
% of visits which are business	27
% of visits VFR	36

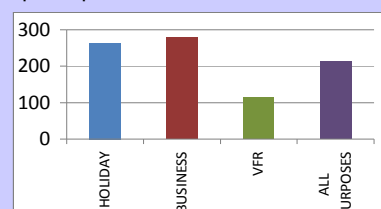
Share of spend



SPEND

Spend in 2010 (millions)	2515
% of spend which is holiday	43
% of spend which is business	35
% of spend which is VFR	19
Holiday spend per visit (£)	265
Business spend per visit (£)	279
VFR spend per visit (£)	115
All purposes spend per night (£)	99
All purposes spend per visit (£)	213

Spend per visit (£)



Although London fared well in attracting inbound tourists in 2010, it was a difficult year for much of the UK domestic tourism market with 5% falls in both visitor numbers and spend on 2009. In 2010, the average UK adult took 1.9 tourism trips of one or more nights away in the UK, stayed away for 6.0 nights in total and spent £335 on total domestic tourism trips. London only accounts for around 11% of domestic tourism trips in the UK but around three quarters of all trips are to countryside, seaside or small town destinations. UK residents made nearly 55.6 million visits abroad in 2010 - although this was actually down on a decade earlier as a result of the recession. 66% of these trips were holidays and 77% of them were to European destinations. UK residents are most likely to visit Spain (10.38 million visits), France, the US or the Irish Republic. 2009 was a particularly bad year for outward tourism with the impacts of the recession, swine 'flu and exchange rates resulting in a 15% drop in trips (higher for business tourism). Consumption is under pressure as a result of austerity.

Main data source for UK tourism statistics is the UK Tourism Survey (UKTS - now replaced by GBTS) rather than International Passenger Survey (IPS). The category, 'Other' may not be directly comparable with other countries, not least on account of the exclusion of UK students as tourists. Average spend figures for the UK are based on holiday, business and VFR visits only - i.e. excluding 'Other'.

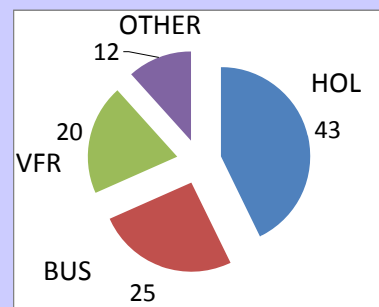
UNITED STATES



DEMOGRAPHICS & ECONOMY

Total population (millions)	309.1
Demographic growth rate (% per annum)	0.9
Distance of capital / major city (miles)	3,290
Internet penetration rate	76.3
GDP (PPP) in bns. US dollars	15,227
GDP growth rate (% per annum over 2000-2010)	1.8
GDP per capita in US dollars	46,860
Medium term GDP growth forecast (%)	2.8
ILO unemployment rate (%)	9.6

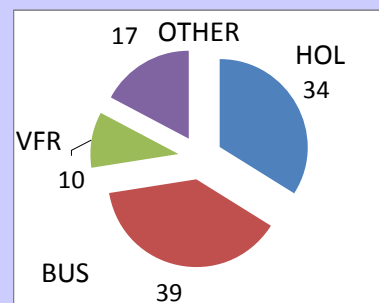
Share of visits



VISITS

Visits in 2010 (thousands)	1766
% of visits which are holiday	43
% of visits which are business	25
% of visits VFR	20

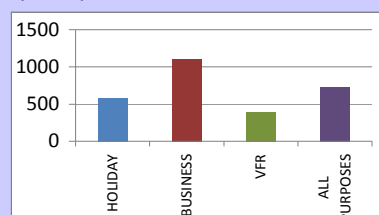
Share of spend



SPEND

Spend in 2010 (millions)	1295
% of spend which is holiday	34
% of spend which is business	39
% of spend which is VFR	10
Holiday spend per visit (£)	588
Business spend per visit (£)	1115
VFR spend per visit (£)	400
All purposes spend per night (£)	114
All purposes spend per visit (£)	734

Spend per visit (£)



Note that the following summary deals mainly with tourism to Britain / the UK except where specified:

Nearly two thirds of American visits to the UK are to London and the capital gets nearly 10 times as many visits from US tourists as the next most visited UK urban area (Edinburgh). The UK is currently fifth as a destination after Mexico, Canada, Puerto Rico and France. In spite of that Britain only accounts for around 4% of all outbound trips from the US. In fact a strong challenger as a destination is China. There are more male than female visitors and this is particularly evident between the ages of 35 and 54. New York State and California dominate the source states of visits. The UK's strongest attribute is seen to be its 'rich and interesting history' but it is not perceived to be rich in natural beauty with Americans tending to prefer their own landscapes. Only 1 in 3 respondents sees Britain as a 'luxurious' destination and room sizes in the UK tend to be considerably smaller than in the US. Economic recovery has lost momentum and mediocre labour market performance is exerting a drag on demand. Nevertheless, the OECD expects an acceleration after mid-2012.

No footnotes - all sources as in general key.

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GLA Economics	Current Issues Note 32: International tourism in London 2010: Results for London from the International Passenger Survey	July 2011
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Vietnamese

Nếu bạn muốn có bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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