

The British Tourist Authority Report to the Ministerial Tourism Summit 6th March 2001

1. Introduction

The Department for Culture, Media and Sport has invited the British Tourist Authority to provide this report to the Tourism Summit on inbound tourism to Britain. This report has been prepared as a basis for discussion on ways to provide a joined-up governmental approach to the tourism industry and thereby ensure that it remains a major contributor to both economic growth and the fulfilment of broader Government policies.

2. Trends in International Tourism to the UK

In 1999, (the latest year for which firm figures are available) 25.4 million overseas visitors came to Britain, contributing £12.4 billion to the national economy (almost twice the net contribution of the financial services sector).

The top five overseas markets for the UK in 1999 were:

	Visits (m)		Spend (£m)
USA	3.9	USA	2.55
France	3.1	Irish Rep.	0.93
Germany	2.7	Germany	0.90
Irish Republic	2.6	France	0.69
Netherlands	1.6	Italy	0.56

Although the UK remains 5th in the world league table for international tourism receipts, our share of world tourism is falling. Between 1990 and 1999 international tourism trips grew by an annual average of 4.2% but visits to the UK grew by 3.9% over the same period. More importantly, *receipts* for international tourism grew by 6.1% annually between 1990 and 1999 while inbound tourism receipts to the UK grew by just 4.3%.

Preliminary results for 2000 show that numbers of visits were virtually unchanged from 1999 at 25.3m; receipts were up 2%. Forecasts for 2001 are at about the same level as 2000 for visits and receipts.

The UK's share of international tourism receipts has, therefore, fallen from 5.2% in 1990 to 4.4% in 1999, and will show further falls in the years 2000 and 2001.

The principal reason is still the strength of sterling - now at a fifteen year high against a basket of world currencies. Tourism to Britain is highly price-elastic. A recent study by BTA indicates that a 1% increase in the sterling exchange rate against a currency basket results in a 1.3% decrease in tourism receipts. However, exchange rates must not be allowed to mask the need for Britain's tourism product to be more competitive in its quality, responsiveness to visitor needs, and value for money.

The strength of sterling has also made overseas holidays much cheaper for British residents (particularly to Europe): outbound *visits* from Britain grew by 6% in 1999 and c.4% in 2000; outbound *expenditure* by the British grew 13% in 1999 and c.7% in 2000.

We predict further decline in European leisure traffic to Britain in 2001. UK regions are suffering from a fall in leisure visits, especially from Germany and the Netherlands. Business traffic is expected to grow as European economies grow; BTA is predicting that the overall level of visitors from Europe in 2001 will be the same as in 2000.

We are predicting a 3-4% increase in long-haul visits in 2001. We envisage strong growth from India, China, Singapore, Africa and Central and Southern America; and modest growth from the USA, Australia and New Zealand, Japan and the Middle East. Whilst we believe that 2000 saw just over 4 million Americans visiting Britain (the first time that this figure has been achieved), it should be noted that Britain is losing market share of growth in leisure traffic into Europe, especially from the USA.

3. Britain's international competitiveness

The British Tourist Authority is undertaking a comprehensive benchmarking exercise to look at Britain's competitive position in the world tourism industry. This project, known as '**The Britain Assessment**', aims to identify Britain's strengths and weaknesses in comparison to those of competitor destinations. Moreover it will identify the elements of the Britain 'product' that are of particular concern and recommend actions to change or improve them.

The Summit will be receiving a presentation on '**First Impressions**', the first element of the Britain Assessment. 'First Impressions' is a survey undertaken by BTA on the services and facilities experienced by overseas visitors at Britain's main ports-of entry. The recommendations in the survey are of relevance to all of the Government departments attending the Summit, as well as the private and public sectors. A Working Party led by a BTA Board Member with representatives from airports, sea ports and three government departments will chase and monitor progress.

Appendix A to this document contains a list of the issues the tourism industry considers critical to Britain's continued competitiveness as a tourism destination.

4. Joined-up government in promoting Britain overseas

Whilst '**First Impressions**' gives a good account of the work which government departments, the public and private sectors can undertake together here in Britain, there is much joint work which is undertaken between public agencies here and overseas.

Since the last Summit BTA and the **Foreign and Commonwealth Office** have signed a Memorandum of Understanding in respect of the '**Portal Project**', an IT information initiative. We have joined the Board of the newly created **Britain Abroad Taskforce** and have arranged for a member of BTA staff to undertake a short sabbatical in **Trade Partners UK**, with whom we are working increasingly more closely. We have also benefited from the short-term placement of a member of staff from the **Cabinet Office**, which is soon to be reciprocated.

Overseas, we are collaborating more closely with our partners in the British Council, British Embassies and Consulates. A good example of this is the project '**UK in NY**', a promotional campaign led largely by the public sector with British private sector backing, to be undertaken in New York in October 2001. It will celebrate excellence in a wide range of Britain's commercial, cultural and creative activities - raising the profile of Britain's pre-eminence in design, technology, fashion, culture and the arts, including film and TV, and promoting tourism to Britain. It is planned that a number of the events during the campaign period will be attended by senior figures in the Royal Family and Government.

5. **Sports Tourism Strategy and the Commonwealth Games, Manchester 2002**

Just prior to last year's Summit Tourism Minister Janet Anderson, and Sports Minister Kate Hoey, launched BTA's **Sports Tourism Strategy**. The strategy, which aims to maximise the attractiveness of Britain as a sporting and tourism destination, has proved to be very successful and a number of prominent British sportspeople, including Tony Lewis, Mary Peters, Nasser Hussein, Gavin Hastings and Ryan Giggs have agreed to become Sports Tourism Ambassadors.

The forthcoming **Commonwealth Games**, to be held in Manchester in 2002, provides Britain with a huge opportunity to promote Britain as a tourism destination on the back of all the publicity generated by the sporting events. BTA has made a submission to the Cabinet Office Minister, the Rt Hon Ian McCartney MP, to fund a discrete promotional campaign aimed at publicising and promoting the North of England, on the back of the Games, in a number of Commonwealth countries. BTA has been asked by the Cabinet Office to undertake an urgent review into how the destination (Manchester and the North West) as well as the Games themselves are currently being promoted domestically and internationally. The report should be with Ministers just after the Summit.

6. **Britain and the Millennium**

The national lottery has facilitated well over £5billion of public and private sector investment in new cultural and environmental projects over the last few years which have huge appeal to overseas visitors. This new and rejuvenated 'tourism product' – an unprecedented level of investment - has profoundly transformed the cultural landscape of Britain. It creates a legacy which has enabled BTA to reposition Britain as a world destination, with its 2 ½ year marketing campaign *Britain – Now is the Time*. Its timing around the new Millennium has been particularly serendipitous.

BTA's millennium campaign '*Britain - Now Is The Time*' had over 100 overseas media, trade and consumer launches across the world; 307 international press visits to Britain were secured involving 921 journalists from 27 overseas markets, generating c. £30million value of press coverage; 2774 overseas travel trade visits to British millennium attractions; and three distinct sub-campaigns, including 'Green Britain' which focussed on sustainable tourism.

Millennium attractions in London received the lion's share of international coverage, both for positive reasons (such as the British Airways London Eye) and negative reasons (the Dome). BTA research has revealed that, as we predicted, 10% of the Dome's visitors would be from overseas, a fact largely ignored by the UK media. The negative coverage of the Dome in the UK media almost certainly had a detrimental effect on overseas visitor numbers as overseas media began to cover the UK's negative news stories rather than the Dome itself which, as an attraction, received almost universally positive international coverage. Despite all this, however, the net result of all of Britain's millennium activities certainly helped to maintain Britain's overseas visitor number in the face of a strong pound.

7. **Business Tourism**

'**Tomorrow's Tourism**' stated that "business tourism is one of the most lucrative, yet least well acknowledged components of our tourism industry". Since the publication of the strategy BTA has strengthened the role of our business tourism department and has allocated more resources to the sector. The ongoing DCMS review into BTA (Financial Management Review) has recommended that BTA create more opportunities for the promotion of business tourism, something that BTA will strive to achieve.

Excel, in London's Docklands, opened in November 2000 providing much needed state of the art exhibition services. Phase II of its development will provide an international conference centre, holding in excess of 5000 delegates. We understand that the development is highly dependent upon public sector support and financing, and would ask the Summit to consider how central Government might support this initiative.

8. Progress on issues raised at last year's Summit

Immigration and Visitor Reception

- The Immigration Service, backed by the industry, has extended its fast-track 'Group Entry Scheme', dramatically speeding up the passage of overseas groups through Immigration.

Air Passenger Duty

- In last year's Budget the Chancellor removed Air Passenger Duty from flights within the UK to and from the Highlands and Islands, and reduced the rate of APD on short-haul flights.

Internet sites

- All 27 BTA local market, local language 'gateway' internet sites have now been established.
- BTA's award-winning website www.visitbritain.com now receives over 10m visitors per annum
- An e-commerce partner is being procured to provide 'bookability' of accommodation, travel and other products integrated into the website

9. Conclusion and Recommendations

BTA warmly welcomes the opportunity to contribute to this second cross-departmental Ministerial Summit. We strongly believe that the tourism industry has an enormous contribution to make in pursuing and realising Governmental objectives, not least in its contribution to the nation's GDP and as a job creator.

We are proud that we have been able to achieve and then build on the targets, which Ministers set for us in **'Tomorrow's Tourism'** and are committed to a process of continual improvement to ensure greater efficiency and effectiveness.

The industry and the tourist boards look to work with the Government to move forward on key areas identified in this paper. For our part, BTA will continue to work towards building inbound tourism to Britain for the benefit of all of the economies of Britain, local, regional and national.

Recommendations

1. We recommend that the Ministerial Summits should continue.

The first summit proved to be a valuable opportunity to highlight the economic and social importance of tourism, as well as identifying cross-departmental issues affecting tourism and Britain's competitiveness. We believe that this forum is all the more important and valuable in the light of the fact that tourism has been devolved to the Scottish Parliament and Welsh Assembly.

2. We recommend that there should be regular meetings of the UK Ministers with responsibility for tourism

The National Assembly for Wales and the Scottish Executive, in addition to the DCMS, have published targets for growth of inbound tourism to their respective countries, including objectives for increasing their respective share of the UK inbound traffic. It is likely that the Greater London Authority will also seek to identify growth objectives.

Some of these objectives will, by their very nature, be conflicting and BTA would find it very useful for all of the UK Tourism Ministers to determine or arbitrate, through regular meetings, agreed national objectives for growth.

3. We recommend that, in due course, Government should consider updating 'Tomorrow's Tourism', thus ensuring that it is an evolving, organic strategy, which takes account of the fast-changing pace of the global tourism industry.

The British Tourist Authority

Appendix A

Issues of Importance to the Industry

Transport

- Transport planning should be on an integrated basis, with co-ordinated timetables and ticketing, and airports being developed into fully integrated transport hubs.
- Airport capacity needs to be expanded, with further development of airports in the South East (including Heathrow Terminal 5) and the regions of Britain.
- Public transport infrastructure, services and information within National Parks should be expanded to alleviate car congestion and spread visitors more widely.

Quality

- The pros and cons of introducing statutory minimum standards for accommodation throughout Britain should be investigated.
- There needs to be an effective national structure to deliver tourism related training, which should include foreign language skills, and involve input from employers.
- Government, both local and national, together with private sector businesses should work more effectively to deal with litter and graffiti, particularly on railway and other routes from air and seaports into major towns and cities.

Competitiveness

- Additional major international conference facilities should be developed, most urgently in London and Cardiff, to ensure Britain maintains its competitive position in the business tourism market.
- VAT on accommodation should be reduced to the European average of 8.5%, and no further tourism-specific taxes introduced.
- Government should recognise tourism as an export industry and aim to apply the same level of incentives as applied to other export industries.

**The British Tourist Authority,
on behalf of the British Tourism Development Committee**