

BRITISH TOURIST AUTHORITY

Report to Tourism Summit, 26 November 2002

1. THE MARKET

Inbound traffic to Britain

After the difficulties of 2001 inbound tourism appears to be picking up according to International Passenger Survey results. The year-to-date total visits (Jan - Aug 2002) are, for the second consecutive month, ahead of 2001 (+3%) though they remain below the level achieved in 2000 (-4%). Total spending is -2% compared with 2001 and -10% compared with 2000. The last two months have fallen short of spending forecasts although it still seems probable (on the current trend) that visits will achieve the full year mid-point forecast of +6%.

It seems likely that it is the more rapid recovery we are seeing from Europe and the relative reluctance of higher spending long-haul visitors that is behind the disparity between the visits and spend targets. BTA's forecast for 2002 is based on a significant recovery of 2001 losses due to FMD and a pattern of recovery similar to that experienced after the Gulf War, following September 11th.

2. BTA AND THE TOURISM INDUSTRY

Recovery plans: 'Only in Britain. Only in 2002'

Early in 2002 Government initiated the biggest marketing campaign the British tourism industry has ever run by match funding *Only in Britain. Only in 2002*. It was launched in 7 key markets (USA, Canada, France, Germany, the Netherlands, Belgium and Ireland) in May 2002 and will run until December 2002. In total £44m was raised in cash and collateral, which enabled BTA to lead the campaign with a media mix, led by TV in most markets, including press, radio and on-line advertising, PR, and direct mail, with partner offers playing an integral role in the tactical advertising. To date, the results have been impressive. Two out of five people who saw the TV advertisements in Germany, France or the USA were prompted to seek further information. However, it should be borne in mind that the survey was aimed at those with a predisposition to visit Britain. There have been almost 1 million unique visitors to the dedicated website and more than 98,000 entrants to BTA's online competition.

A recent report for the European Travel Commission stated that the inbound market to Europe from the USA was down by 21% to July this year and the Spanish Government has estimated that visits from the USA are down 25%. IPS has, however, shown that visits from the USA to Britain are level year on year and up 1% since the campaign started in April which suggests that the *Only in Britain* campaign is seeing positive results.

"The Great British Experience"

BTA has already put forward plans to develop a campaign for 2003 to build on the momentum gained through *Only in Britain. Only in 2002*, expanding the partnership to include cities and low cost carriers. The proposed campaign will be based on the proposition of *The Great British Experience* and include the promotion of Britain's 12 candidates for the European City of Culture, plus London, Manchester, Glasgow and Edinburgh as cultural gateways to Britain in the European short breaks market.

New campaigns

Britain's Royal Heritage campaign was launched in March 2002, with a map showing 50 locations with royal connections and a complementary website. Evidence from BTA's overseas offices has indicated that global awareness of the Golden Jubilee proved to be a draw for visitors. BTA New York, for example, estimated that newspaper and magazine articles alone have reached over 50 million US readers, with additional coverage on television and radio.

The *2002 Northwest Tourism Hub Team* was formed to maximise the destination marketing of Manchester and the North West Region leading up to the *2002 Commonwealth Games*. A secondee from BTA headed up the team which carried out various initiatives overseas to promote Britain, the region and Manchester on the back of the Games. In Canada, for example, excellent coverage was achieved with articles appearing at least nine months prior to the Games as a result of a press group visit organised by BTA Toronto.

KPMG produced an interim report of the lessons learned in which BTA received the following accolade:

“The BTA’s co-ordination of tourism and promotion worked well – this should be pursued in the future as a means of avoiding confusion and capturing synergies.”

BTA is due to launch its *Golf in Britain* guide at the end of November, which identifies 147 golf courses, most of which are within easy reach of major cities and towns in England, Scotland, Wales and Northern Ireland. The guide points out that for non-golfing days historic cities and sites, as well as scenic countryside and coasts, are usually close at hand.

Employment Research

Research is underway to develop a more robust methodology for determining the level of employment generated by tourism expenditure. The new methodology involves analysing the cost structures of companies in the accommodation, restaurant and attraction sectors, to calculate the relationship between employment and turnover. The results of the study will be used to determine the impact that changes in inbound tourism revenue will have on employment levels in the British tourism industry. The research is being supported by ETC, VisitScotland and WTB.

First Impressions Working Group – Final Report

The *First Impressions* Working Group, convened by the Minister for Tourism to encourage the industry to implement the recommendations of BTA’s *First Impressions* study on the standard of services and facilities provided for overseas visitors, has finalised its report. Facilitated by BTA and chaired by Veronica Palmer OBE, the Working Group’s report, ‘Improving the Quality of Welcome to Overseas Visitors to Britain’ summarises the significant progress that has been made in improving the welcome afforded overseas visitors since the study was published in 2000. Improvements include increases in disabled facilities, enhanced London Underground services connecting Heathrow airport with central London and recent initiatives undertaken by the UK Immigration Service to improve the processing of inbound passengers. Although the Working Group has now come to the end of its term, BTA will continue to work with air/port operators and associated providers to improve standards.

Public Diplomacy Strategy Board

BTA’s Chief Executive has recently joined the *Public Diplomacy Strategy Board*, led by the Foreign and Commonwealth Office, which seeks to set a strategy for the promotion of Britain’s interests overseas. BTA is currently conducting a re-appraisal of Britain as a tourism brand, reflecting the devolved national brands (see Project Lion below). The outcomes of this will be communicated to the Public Diplomacy Strategy Board to ensure that Britain’s brand aspirations are aligned.

Overseas Marketing Agreement

BTA has recently made excellent progress on the development of an *Overseas Marketing Agreement* with Northern Ireland Tourist Board (NITB). This is essentially a framework document which commits BTA and NITB to working closely together in the international promotion of Britain and its component parts.

1. THE BTA

Funding Agreement Targets

BTA has recently reported to DCMS, as part of its Funding Agreement review, that it generated £879.3million worth of additional tourism expenditure for the UK during 2001/02. 80.5% of BTA's UK stakeholders were either 'satisfied' or 'very satisfied' with the service received from BTA. BTA has continued to exceed targets in the monitoring of its Customer Service Standards, achieving an annual average of 962 (against a target of 850) out of a possible 1,200 points. BTA's press and PR activities have also generated encouraging results, with almost £100m of positive international media coverage for Britain in 2001.02. The quality of this coverage was very high - an average score of 3.8 out of a possible 5 points.

New Strategy

Tom Wright, BTA's new Chief Executive, has recently agreed a revised strategy with the BTA Board. The strategy has been developed over the summer months and will: sharpen the brand position of Britain in relation to the nations and regions of the UK; hone BTA's marketing skills and exploit the potential of new media; engage BTA's public and private sector stakeholders in the marketing of Britain; and align the organisation and culture.

In order to deliver this strategy BTA will develop an international network of regional hubs, embracing all of BTA's overseas markets, which will ensure the organisation is both market and customer centric. Each hub will have strong specialisms in key areas such as customer relationship management, branding and product development, market intelligence and business tourism. The aim is to mirror the specialisms in London and also within BTA's strategic tourist board partners.

Project Lion

In partnership with the national and regional tourist boards for England, Scotland and Wales, and as a key part of the new strategy, BTA is developing branding for Britain as a tourism destination which will be more compelling for visitors and provide a clear and complementary architecture for the devolved countries and regions of Britain. This comprehensive branding philosophy is currently being tested with consumer research and will then be rolled out to all existing and new markets in 2003/04.

Financial Management Review

Over the last year BTA has worked hard to implement the recommendations from the Financial Management Review conducted by DCMS. Most of these have now been successfully implemented and the remainder will be addressed in BTA's new strategy.

Awards

BTA's has been awarded with various accolades in the last six months: the ESAT Golden Spider award for BTA Dublin's website; the Financial Times' Best National Tourist Office (NTO) Website for VisitBritain; Best NTO in Finland for BTA Helsinki; the Grand Travel Award for Best NTO for BTA Stockholm; the Association of Swedish Journalists' Best Consumer Travel Publication for BTA Stockholm's main guide to Britain; and BTA was listed in the BT Vision 100 Index of top visionary companies in the UK.

2. THE BTA AND ETC

The Secretary of State for Culture, Media and Sport last week announced plans to reform government support for tourism with the development of a single lead government agency for inbound tourism to Britain and the marketing of England within Britain. The body will bring together all existing functions of the BTA with aspects of the ETC, with a dedicated Head of Marketing for England within Britain. The marketing function will be advised by an England Marketing Advisory Board. BTA's existing new overseas marketing strategy and structure for promoting inbound tourism will remain, including the appointment of an international Marketing

Director. The funding for overseas marketing and for domestic marketing will be ring fenced and laid down in the Funding Agreement, while distinct targets and strengthened accountability for Scotland and Wales will be established. The revised organisation will come into effect from 1 April 2003 with Tom Wright as CEO.