United Kingdom dashboard

2009 Visitor Economy impacts – key indicators

- Total contribution accounted for £115 billion of GDP (8.9% of total economy) and 2.64 million jobs (8.5%)[1]
- The direct contribution is £52 billion in terms of GDP – equates to 4.0% of UK GDP and directly supported around 1.36 million jobs in 2009 (4.4% of the total UK workforce)
- £89.9bn in spending by tourists and 30 million international visitors

Direct and indirect impacts in terms of visitor spend, GVA and employment

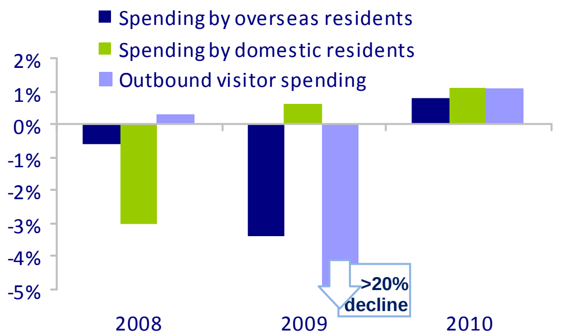
Spending by visitors	Economic impact – GVA	Economic impact – jobs
£89.9bn in expenditure terms	£52bn direct impact in GVA	1.36m jobs directly supported
	£115bn total impact	2.6m supported in total

Source: Oxford Economics

Recent trends in the Visitor Economy

- Fall in growth, in real terms, of spending by overseas residents in 2009
- Domestic trips increased as people substituted some trips overseas with more 'staycations'

Annual growth in spending in the Visitor Economy, constant prices



Source: Oxford Economics

Inbound visitor trips and spend, 2008

	Visits (000s)	Spend (£m)
France	3,636	1,053
Irish Republic	3,070	983
USA	2,950	2,223
Germany	2,900	1,125
Spain	1,974	815

Source: International Passenger Survey; Deloitte analysis

Share of trips to UK by trip type

	2002	2009	change
Business	30%	21%	↓
Holiday	32%	40%	↑
VFR	26%	29%	↑
Study	3%	2%	→
Other	9%	8%	→
Total	100%	100%	

Source: Deloitte analysis

The UK's position in the global tourism market

- Strong tourism offering lead by interest in historic buildings, city life and culture
- UK is 11th out of 133 in competiveness ranking

Nations brand index ranking for tourism and key dimensions

	Position out of 50	Leading 3 countries
Overall	4	US, France, Germany
Tourism	5	Italy, France, Spain
Historic buildings	4	Egypt, Italy, France
Vibrant city life	4	US, France, Italy
Culture	4	France, Italy, US
Contemporary culture	4	US, France, Italy
Cultural heritage	7	Egypt, Italy, China
Visit if money no object	8	Italy, Australia, Canada
Sport	8	US, Germany, Russia
Welcome	13	Canada, Australia, Italy
Natural beauty	24	Australia, New Zealand, Canada

Source: NBI; Deloitte analysis

WEF Tourism Competitiveness ranking

Country	Score	2009 rank	2008 rank	change
Switzerland	5.68	1	1	→
Austria	5.46	2	2	→
Germany	5.41	3	3	→
France	5.34	4	10	↑
Canada	5.32	5	9	↑
Spain	5.29	6	5	→
Sweden	5.28	7	8	→
United States	5.28	8	7	→
Australia	5.24	9	4	↓
Singapore	5.24	10	16	↑
United Kingdom	5.22	11	6	↓

Source: WEF Travel and Tourism Report; Deloitte analysis

[1] This includes impacts through the supply chain, of capital investment and government expenditure

International tourism visits

2008	Destination	Arrivals (m)	2007	2006	2005	2004	2003	2002
1	France	79.3	1	1	1	1	1	1
2	USA	58.0	3	3	3	3	3	3
3	Spain	57.3	2	2	2	2	2	2
4	China	53.0	4	4	4	4	5	5
5	Italy	42.7	5	5	5	5	4	4
6	**UK**	**30.2**	**6**	**6**	**6**	**6**	**6**	**6**
7	Ukraine	25.4	8	n/a	n/a	n/a	n/a	n/a
8	Turkey	25.0	9	n/a	n/a	n/a	n/a	n/a
9	Germany	24.9	7	7	8	9	9	10
10	Mexico	22.6	10	8	7	8	8	8

Source: UNWTO league tables; Deloitte analysis

International tourism receipts

2008	Destination	US$bn	2007	2006	2005	2004	2003	2002
1	USA	110.1	1	1	1	1	1	1
2	Spain	61.6	2	2	2	2	2	2
3	France	55.6	3	3	3	3	3	3
4	Italy	45.7	4	4	4	4	4	4
5	China	40.8	5	5	6	7	7	5
6	Germany	40.0	7	7	7	6	5	6
7	**UK**	**36.0**	**6**	**6**	**5**	**5**	**6**	**7**
8	Australia	24.7	8	8	10	10	n/a	n/a
9	Turkey	22.0	10	9	8	8	9	8
10	Austria	21.8	9	10	9	9	8	9

Source: UNWTO league tables; Deloitte analysis

Employment in the Visitor Economy

- Great concentration of employment in Visitor Economy is in districts across England

Top ten Visitor Economy employment share 'hotspots'

Rank	Region	District	% tourism
1	South West	Isles of Scilly	31
2	South West	West Somerset	25
3	East	Forest Heath	22
4	London	Kensington and Chelsea	21
5	South West	Penwith	21

Rank	Region	District	% tourism
6	North West	South Lakeland	20
7	North West	Eden	20
8	South West	Restormel	20
9	North East	Berwick-upon-Tweed	19
10	Yorkshire and Humber	Scarborough	19

Source: Annual Business Inquiry; Deloitte analysis

Outlook – baseline forecast

- Total contribution to GDP remains stable in 2010 at £115.4bn
- By 2020, the total contribution is expected to be 8.8 per cent of UK GDP, generating 250,000 more jobs (with jobs in the Visitor Economy accounting for 8.9 per cent of total employment)

Top 5 markets – growth forecasts, 2010-2020

	Average annual growth to ...	
	... all outbound destinations	... UK
France	2.3%	1.1%
Ireland	3.5%	3.5%
United States	2.8%	5.0%
Germany	1.9%	3.9%
Spain	4.4%	3.9%

Source: Tourism Economics, Oxford Economics

BRIC market – growth forecasts, 2010-2020

	Average annual growth to ...	
	... all outbound destinations	... UK
Brazil	4.8%	4.8%
Russian Federation	1.3%	7.4%
India	5.5%	8.4%
China	6.5%	13.7%

Source: Tourism Economics, Oxford Economics

Baseline forecast for UK Visitor Economy, current prices

Impacts	2009	2010	2020
Spending (£bn)	89.9	91.9	148.6
Spending (annual growth, %)	*-0.3%*	*1.0%*	*3.0%*
Total GDP (£bn)	115.4	115.4	187.7
Direct GDP (£bn)	52.2	52.6	87.1
Total jobs	2.64	2.65	2.90
Direct jobs (millions)	1.36	1.36	1.51

Source: Oxford Economics analysis

Please note: Forecasts are based on an extrapolation of the current environment. Therefore the Visitor Economy expansion is based on organic growth of the economy which is currently driven in part by interventions of the existing enterprise bodies. The forecast presents a baseline scenario; intervention by government, enterprise bodies, the tourism industry and unknown factors (continued recessionary conditions etc) could produce varying growth patterns in the future.

Outlook – challenges and opportunities

opportunities

- Ability to deliver an 'authentic' experience, with a blend of classic sights and dynamic experiences
- London 2012 Olympic and Paralympic Games
- Rugby World Cup 2015
- Weak value of sterling (boosts inbound and domestic tourism)
- Ability to utilise cutting edge technology to market tourism product worldwide, e.g. social networking sites
- Growth in outbound travel from emerging economies
- 2014 Glasgow Commonwealth Games
- Home to those with the highest propensity for outbound travel due to proximity to Europe
- UK's renowned culture and heritage
- Well connected international tourism destinations worldwide, short flying time from Europe

unknowns

- Fragility of global and in particular UK economic recovery
- Possible sustained high oil prices
- Perception of welcome in Britain held overseas
- UK consumer spending squeezed by higher taxes
- Skills shortages (e.g. chefs)
- Geopolitical situation, e.g. UK's standing in Middle East
- Perception that the UK is an expensive destination to visit
- Consumer tastes shifting towards more 'exotic' destinations
- Global health scares

threats

- Intense competition from existing and emerging destinations for the tourist dollar with more generous funding than Britain
- Visa process
- Decade of austerity in public spending
- Taxation on air travel
- Constraints on development of aviation infrastructure
- Cost for visitors from emerging economies
- Global shift in attitudes towards air travel on back of concerns for climate change