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United Kingdom: Tourism Market Insights 2017

Overview

This tourism report provides an outlook on key market insights on a global, national and provincial scale for the United Kingdom (UK). In addition, it includes key behavioural trends and characteristics of travellers from the UK.

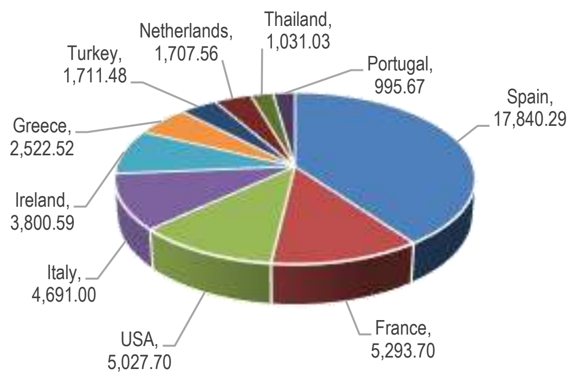
Looking specifically at the digital travel shoppers in the UK, it is apparent that choosing a destination is a lengthy and involved process.

Obtaining a thorough understanding of when and where travel consumers search and source their information sheds light on how to effectively influence travellers' decision as they plan their next trip.

UK Outbound Tourism Trends

- In 2016, 70 million departures were recorded from UK residents', rising by 7% year-on-year.
- The UK ranked as the world's 4th top tourism spender in 2016, reaching US$64 billion in tourism expenditure abroad.
- The economy has proven to be relatively resilient, resulting in an upgrade to GDP forecasts for 2017 to 1.2% (from 0.5% previously).
- Domestic tourism is a very well-established trend in the UK, with "stay-cations" gaining popularity during the economic downturn.
- The Q3 2017 Business Monitor International (BMI) trends for the UK confirmed that the government is continuing to invest in regional tourism programmes. These initiatives aim to highlight the country's broad range of attractions to the domestic market.
- With sterling losing value, many potential UK travellers may choose to travel locally to avoid losing money on more costly exchange rates, particularly for the United States market.
- As such, BMI forecasts a healthy growth of 7.9% in domestic spending on hotels and restaurants in 2017 to reach GBP131.8bn.
- However, domestic travel is still facing significant competition from overseas travel, with the British continuing to have a strong history of international travel and benefiting from affordable flights to many international destinations.
- According to BMI's top 10 outbound markets for the UK, the popularity in domestic travel is evident in the countries represented in the figure below.
- 7 out of the top 10 outbound markets are within Europe, with Spain ranking as the top destination of choice amongst UK travellers, followed by France.
- The United States ranked as the 3rd largest market for outbound departures from the UK, as well as the only market representing the Americas region.

TOP 10 OUTBOUND MARKETS FOR THE UK, 2016E



Source: Business Monitor International, 2017

- British passport holders also enjoy one of the highest rates of visa-free travel globally, with a wider range of connections with regional and global destinations.
- Competition within the European short-haul airline industry is making international journeys much more affordable.
- Due to the rising consumer adoption of mobile online booking methods, together with the industry's ability to provide real-time pricing information, mobile bookings have shown strong growth in the UK.

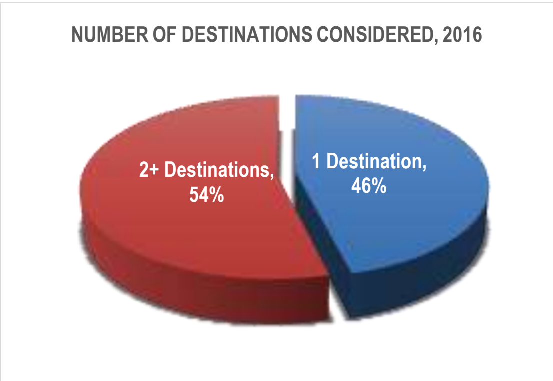
Characteristics and behaviour of the UK traveller:

1. Number of destinations considered while planning?

For many travellers, choosing where to go on their next trip can be just as exciting as getting there. At present, travellers are more attuned to the plethora of choices than ever.

Across the UK, a significant number of travellers research multiple destinations at the start of their booking journey.

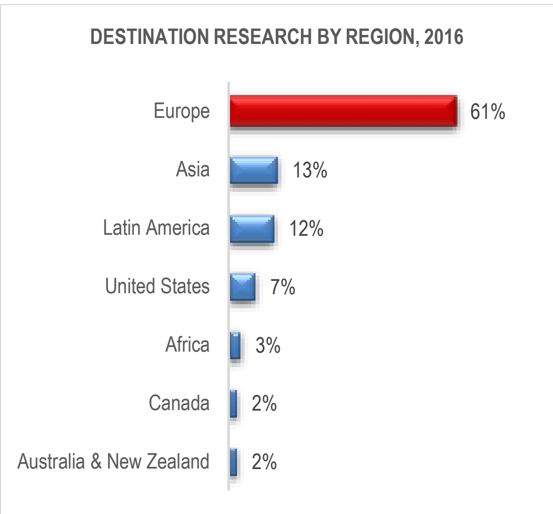
According to the Expedia Media Solutions White Paper, more than half (54%) of the travel shoppers started their trip planning with more than 1 destination in mind. 46% of these travellers had 1 specific destination in mind.



Source: Expedia Media Solutions, 2017

2. International vs. domestic travel?

Travellers from the UK consider a wide range of destinations when planning a trip, and are more likely to travel abroad. Whether or not these travellers choose to travel with passport in hand, they tend to research destinations around the globe. However, UK bookers researched Europe the most (61%), followed by Asia (13%). Africa ranked as the 5th highest region for searches conducted during their research.



Source: Expedia Media Solutions, 2017

3. Number of travel site visits?

121 Travel site visits was recorded for the average British traveller in the 45-day path to purchase in 2016.

For travellers from the UK, selecting a destination is naturally not an impulsive or spontaneous decision. For most travellers it is a highly-considered process. This finding is apparent when looking at the number of visits to respective travel sites leading up to the purchase.

4. What is the size of the travel content consumption?

- **75%** Digital users who consume travel content
- **2.4** billion minutes/month spent on travel
- **44%** y-o-y increase in travel consumption

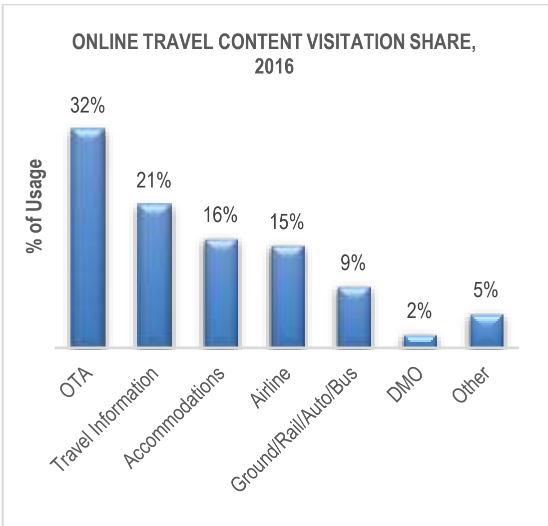
UK travellers have proven to be extremely digital savvy and spend a significant amount of time engaging with travel-specific content online.

5. How is most of their content consumed?

32% engaged with content via online travel agencies (OTAs) more than any other online source. Following OTAs, travel information sites such as Tripadvisor.com and Nationalgeographic.com play the second largest role in terms of online sources.

16% turned to accommodation sites for additional information.

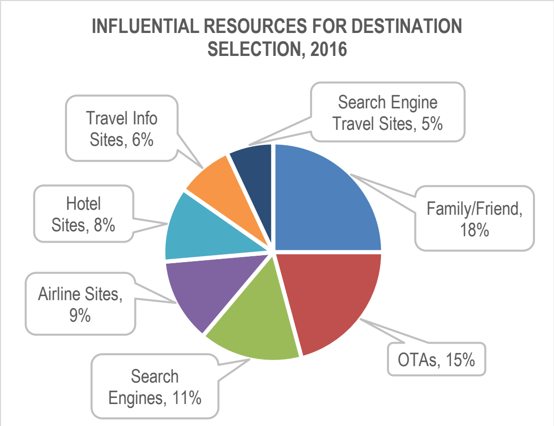
Given that OTAs have the most significant reach in the UK, they can also play a strong role in influencing destination decisions.



Source: Expedia Media Solutions, 2017

6. Influential resources impacting destination decisions

With more than half of UK travellers considering multiple destinations during their planning, findings have shown that there are a number of resources which impact their final choice.



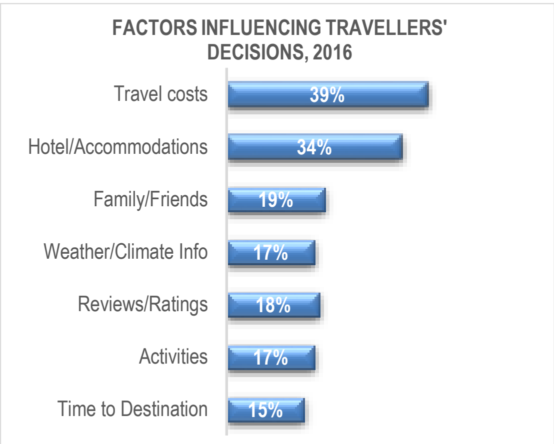
Source: Expedia Media Solutions, 2017

When looking at the destination selection, recommendations from family and friends along with OTAs exert the strongest influence. While family and friends ranked as a significant offline resource for travellers, online sources and particularly OTAs played an equally strong role.

7. Factors impacting on destination decisions

The top influential factor in destination selection is cost, with 39% who indicated travel costs as the most critical factor in their final decision. Apart from budget considerations, accommodation also plays a huge role in the destination of choice.

Additional factors included family/friends, weather/climate, reviews, activities and the duration of travel. Amongst the top factors, UK travellers' prioritize budget and accommodation information. This trend explains the high number of visits to OTAs, hotel sites and airline sites where cost information is readily available.



Source: Expedia Media Solutions, 2017

8. Does marketing and advertising efforts reach potential travellers?

59% of UK travellers' recall travel-related advertising during their planning, and nearly one-third (30%) of online bookers in the UK are influenced by advertising during their destination selection.

Profile of the UK Traveller to South Africa

1. Which Nationalities are searching the most for travel into South Africa?

While the UK ranked as the most searched for destination by South Africans, the largest share of searches for flights into South Africa originated from the UK. Searches from the UK were so prevalent that it accounted for almost double the number of searches which originated from the other six countries in the top seven combined.

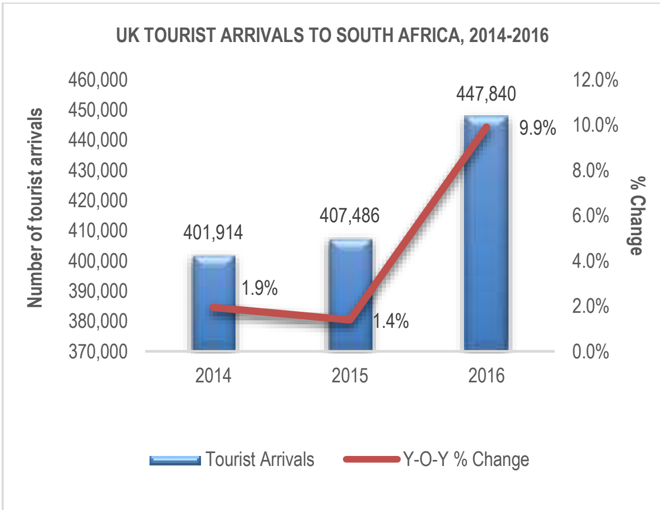
The second largest share of searches originated from the USA, followed by Germany, Australia and Hong Kong.

Source: Cheapflights, 2017

2. How many UK tourists visit South Africa per year?

The UK is South Africa's top source market for international visitors, accounting for 29% of tourists from Europe. Over the last three years South Africa recorded a steady volume of over 400 000 UK tourists per year.

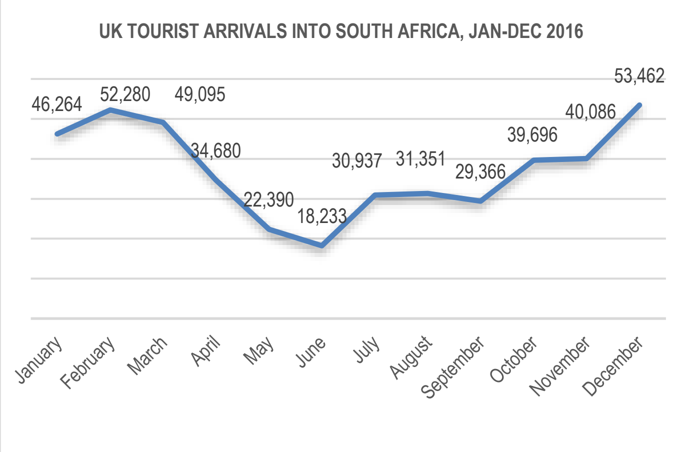
2016 not only recorded the highest number of tourist arrivals since 2014, but also achieved the highest growth rate, rising from 1.4% in 2015 to 9.9% in 2016.



Source: SATourism, 2017

3. **Which months do they prefer travelling to South Africa?**

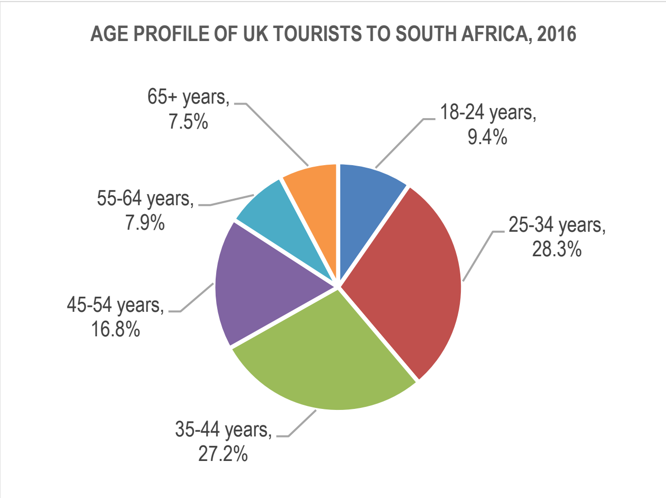
Peak months for travel to South Africa are between November and March, making the UK a solid peak season market for the country. While an evident drop can be seen during the off-peak period, outbound departures still occur during these months, portraying potential for a strong volume all-year round.



Source: SATourism, 2017

4. **What is the age profile of the UK tourists to South Africa?**

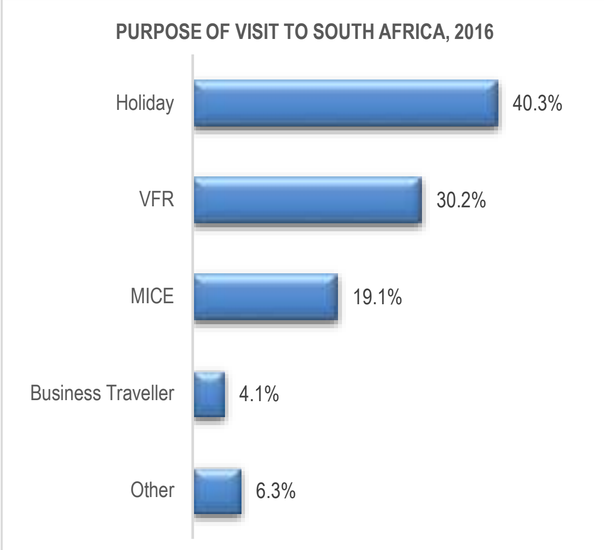
The age profile of UK tourists to South Africa highlights a strong youth segment aged between 25-34 years (28.3%), closely followed by a more matured segment of 35-44 years (27.2%).



Source: SATourism, 2017

5. **What is their main reason for travelling to South Africa?**

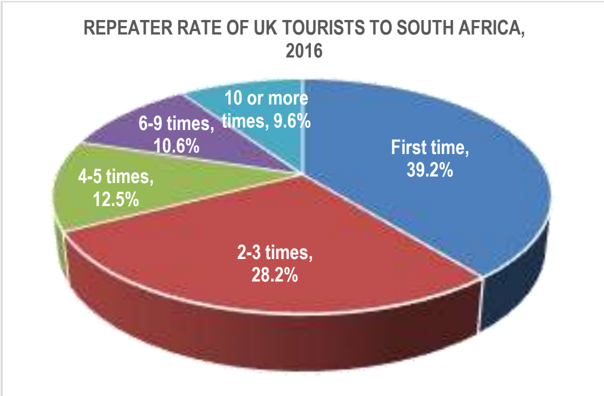
UK tourists to South Africa are predominantly holiday visitors (40.3%). However, South Africa also holds a significant VFR (Visiting friends & relatives) segment, accounting for 30.2% of the market. Following as the third highest share, 19.1% of UK tourists travelled specifically for MICE (Meetings, Incentives, Conferences and Exhibitions).



Source: SATourism, 2017

6. **How often do UK tourists travel to South Africa?**

The largest share of UK tourists to South Africa travelled to the country for the first time (39.2%), followed by 28.2% who travelled to South Africa 2-3 times. 9.6% of these travellers indicated that they have travelled to South Africa 10 or more times. This trend underlines the popularity of South Africa as a top tourism destination for the UK travellers.



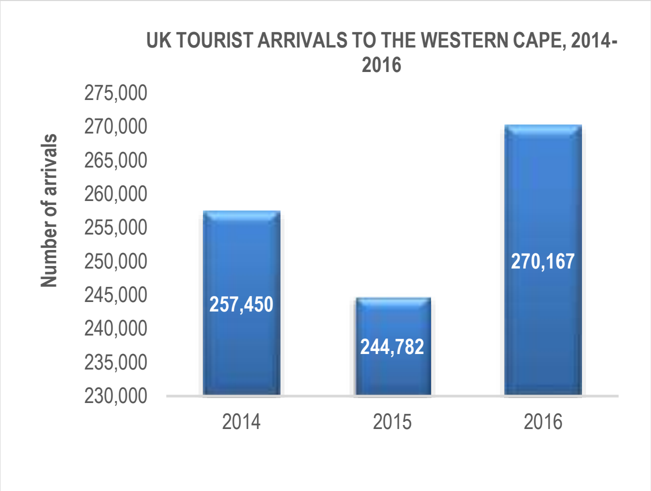
Source: SATourism, 2017

Profile of the UK Traveller to the Western Cape

1. **How many UK tourists visit the Western Cape per year?**

In the last three years the Western Cape have seen over 200 000 tourists per year, with the highest number recorded in 2016 (270,167).

With a double digit growth of 10.4% in 2016 and continued marketing efforts from industry role-players, it is anticipated that UK tourist numbers will continue to be strong, sustaining its position as the Western Cape's top European market.

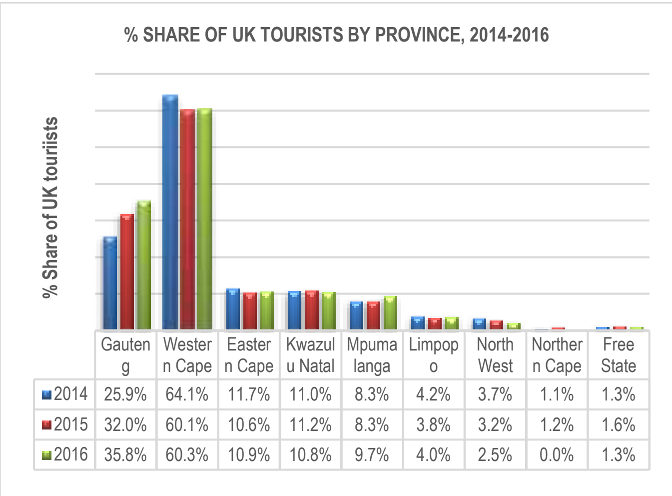


Source: SATourism, 2017

2. How attractive is the Western Cape to the UK tourists?

The Western Cape accounted for 60.3% of South Africa's UK tourists in 2016. The Western Cape not only held the highest share of UK tourists across all provinces, but consecutively held the strongest share across the last three years.

According to the Cheapflights booking trends, December ranked as the most popular time for travelling for the UK market. These trends suggests more holiday than business, confirming the Western Cape's position as a popular leisure destination for European travellers.

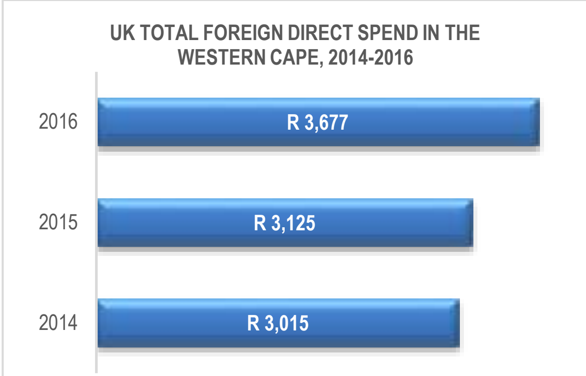


	Gauteng	Western Cape	Eastern Cape	Kwazulu Natal	Mpumalanga	Limpopo	North West	Northern Cape	Free State
2014	25.9%	64.1%	11.7%	11.0%	8.3%	4.2%	3.7%	1.1%	1.3%
2015	32.0%	60.1%	10.6%	11.2%	8.3%	3.8%	3.2%	1.2%	1.6%
2016	35.8%	60.3%	10.9%	10.8%	9.7%	4.0%	2.5%	0.0%	1.3%

Source: SATourism, 2017

3. How much do the UK tourists spend in the Western Cape?

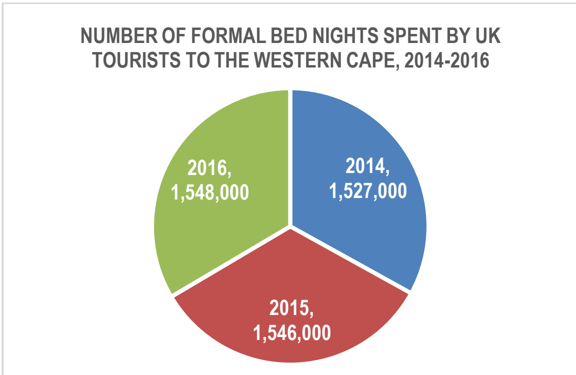
In 2016, the UK market contributed R3.7 billion to the Western Cape's economy, ranking as the top tourism spender for the province. The UK not only led tourist arrivals to the Western Cape, but serves as an important economic driver for the province, this is especially evident in the higher end of average spending at R14, 900 from the UK market.



Source: SATourism, 2017

4. How attractive is the Western Cape's accommodation sector to UK tourists?

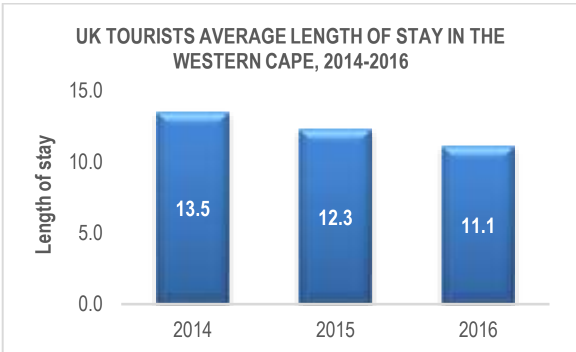
In 2016, the Western Cape recorded the highest (9,983,052) number in paid for formal bed nights (hotels, guesthouses, B&Bs, self-catering, game lodges and backpackers) of all provinces. The UK tourists accounted for 15.5% of formal bed nights in 2016 and reflected a steady 1.5 million per annum.



Source: SATourism, 2017

5. How long does UK tourists stay in the Western Cape?

On average, the UK tourists to the Western Cape stayed for 11 nights in 2016. Despite the length of stay being shorter when compared to 2014 and 2015, trends confirm that the Western Cape holds a strong demand from this market, underlined in the solid volume in tourist arrivals and total foreign direct spend invested in the province.



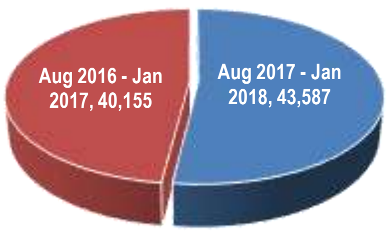
Source: SATourism, 2017

LOOKING AHEAD: Do we foresee continued growth from the UK?

When observing the advance booking trends indicated by Forwardkeys, the following six months (August 2017-January 2018) reflects a total of 43,587 UK arrivals through the Cape Town International Airport.

When compared to the same period of the previous year, pax arrivals portrayed an increase of 8.5% year-on-year, evidence that travel will continue at a steady pace into 2018.

TOTAL UK PAX TO CAPE TOWN INTERNATIONAL AIRPORT, AUG-JAN 17/18

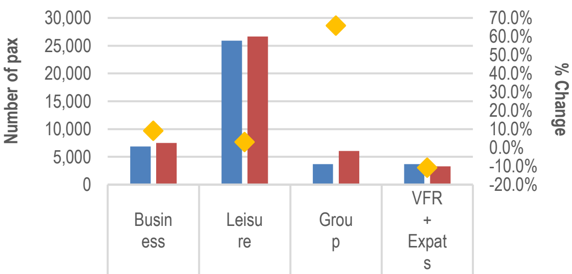


Source: Forwardkeys, 2017

Leisure ranked as the primary purpose of visit of the future arrivals, reaching 26,679 between August 2017 and January 2018. The anticipated purpose of travel looking ahead confirms once again the sustained demand in leisure travel from this market.

Business travel, an equally important economic driver for the Western Cape ranked as the second primary purpose of travel. When compared to the six-month period of the previous year, travel for business recorded the highest (9.0%) growth year-on-year. As indicated in the figure below, group travel reflected a significant rise of 65.8% when compared to the previous year, while VFR+Expats declined during the same period.

NUMBER OF UK PAX BY PURPOSE OF TRIP, AUG-JAN 17/18



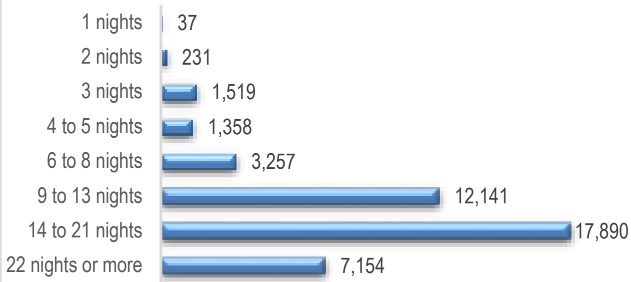
	Business	Leisure	Group	VFR + Expats
Aug 2016 - Jan 2017	6,886	25,882	3,669	3,718
Aug 2017 - Jan 2018	7,508	26,679	6,085	3,315
Y-O-Y % Change	9.0%	3.1%	65.8%	-10.8%

Source: Forwardkeys, 2017

When taking a closer look at the length of stay of the future UK arrivals between August 2017 and January 2018, extended stays ranging between 14 to 21 nights ranked as the most prevalent duration of stay, followed by those who indicated stays of 9 to 13 nights and 22 nights and more.

Extended holidays of this length provides solid opportunities for marketers to foster and promote regional spread of travellers.

LENGTH OF TRIP OF UK PAX, AUG-JAN 17/18



Source: Forwardkeys, 2017

Key findings for Destination Marketers:

With a significant number of travel consumers in the UK open to multiple destinations, marketers are faced with solid opportunities to effectively impact on their destination choice. With evident year-on-year growth in online travel consumption, marketers are encouraged to connect with this market by focusing on the following key factors:

- More than half of travel consumers in the UK begin researching with multiple destinations in mind. Africa also ranked in the top 5 destinations most searched for during their planning. This serves as a potential window of opportunity for South Africa. Tourism role-players should therefore establish a strong online presence with well-established and user-friendly websites.

- Solid advertising campaigns should be implemented, particularly during the off-peak period (Apr-Sep) when UK departures to South Africa declines. This will aid in alleviating seasonality patterns which still exist amongst the European travellers.

- Why should marketers advertise online? For the UK market specifically, recall of travel advertising is high. 59% of the travel bookers in the UK recall travel ads. 30% of UK consumers reported that advertising swayed their final decision.

- Top influential resources in the destination selection process is friends and family and online travel agencies (OTAs). Marketers should explore online channels and joint marketing initiatives linking their tourism offering to top global OTAs.

- Top influential factors in their final decision was cost and hotel/accommodation options. Cost is crucial in the decision-making process, this will determine the duration of stay in the destination as well as their budget availability to explore and visit attractions. Thus it is imperative for marketers to establish competitive price levels. This is particularly vital during the peak season when travellers tend to avoid destinations with high price spikes.

- In 2016 South Africa recorded over 60% of UK tourists aged between 18 and 44 years, with the largest (28.3%) group 25-34 years. This reflects a strong youth market for South Africa driven by leisure travel. Activities also ranked amongst the top factors which influences their final decision. Marketers should therefore tactically package their tourism products to cater to the youth segment and meet their demand for activities.