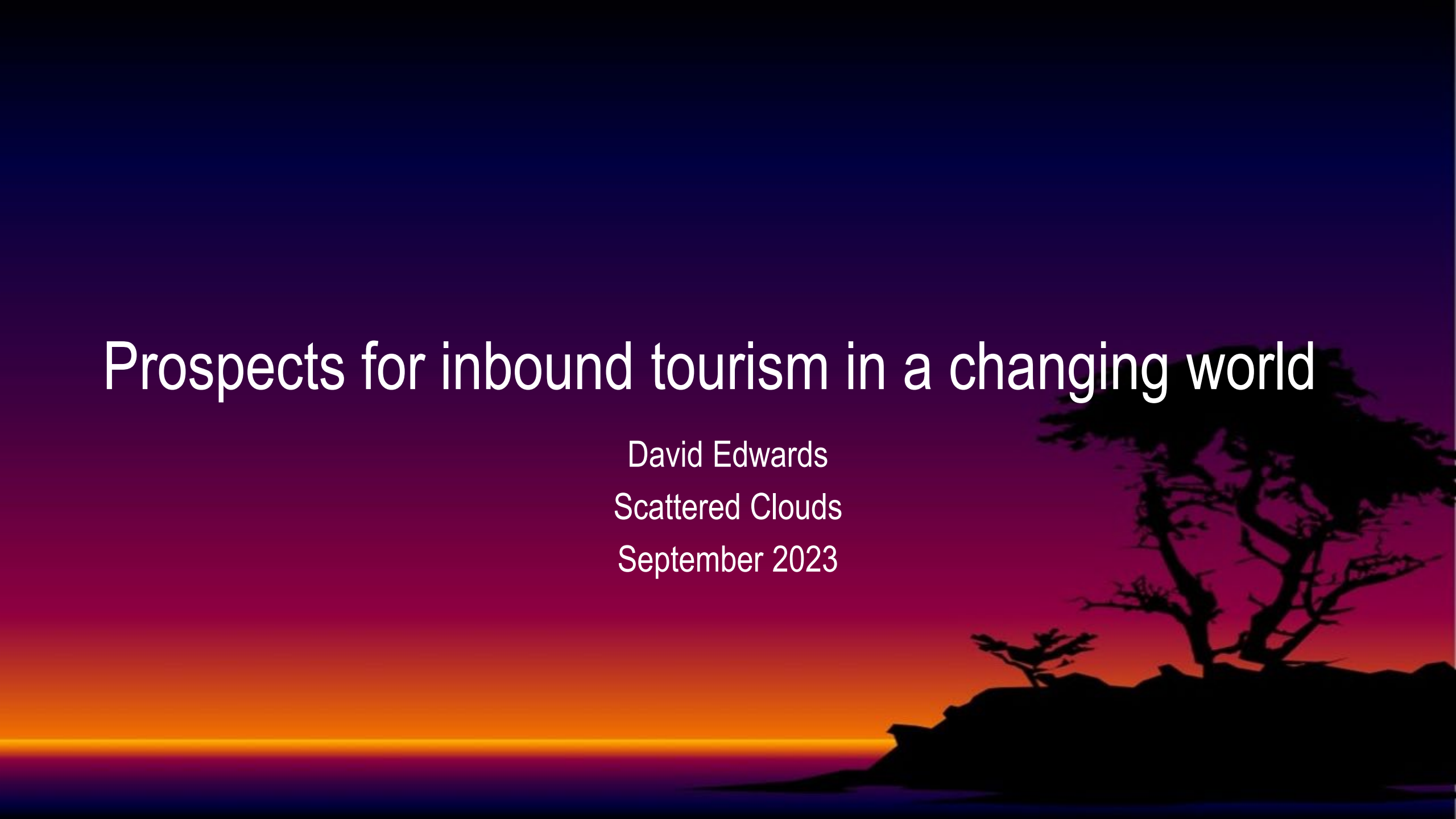


Prospects for inbound tourism in a changing world

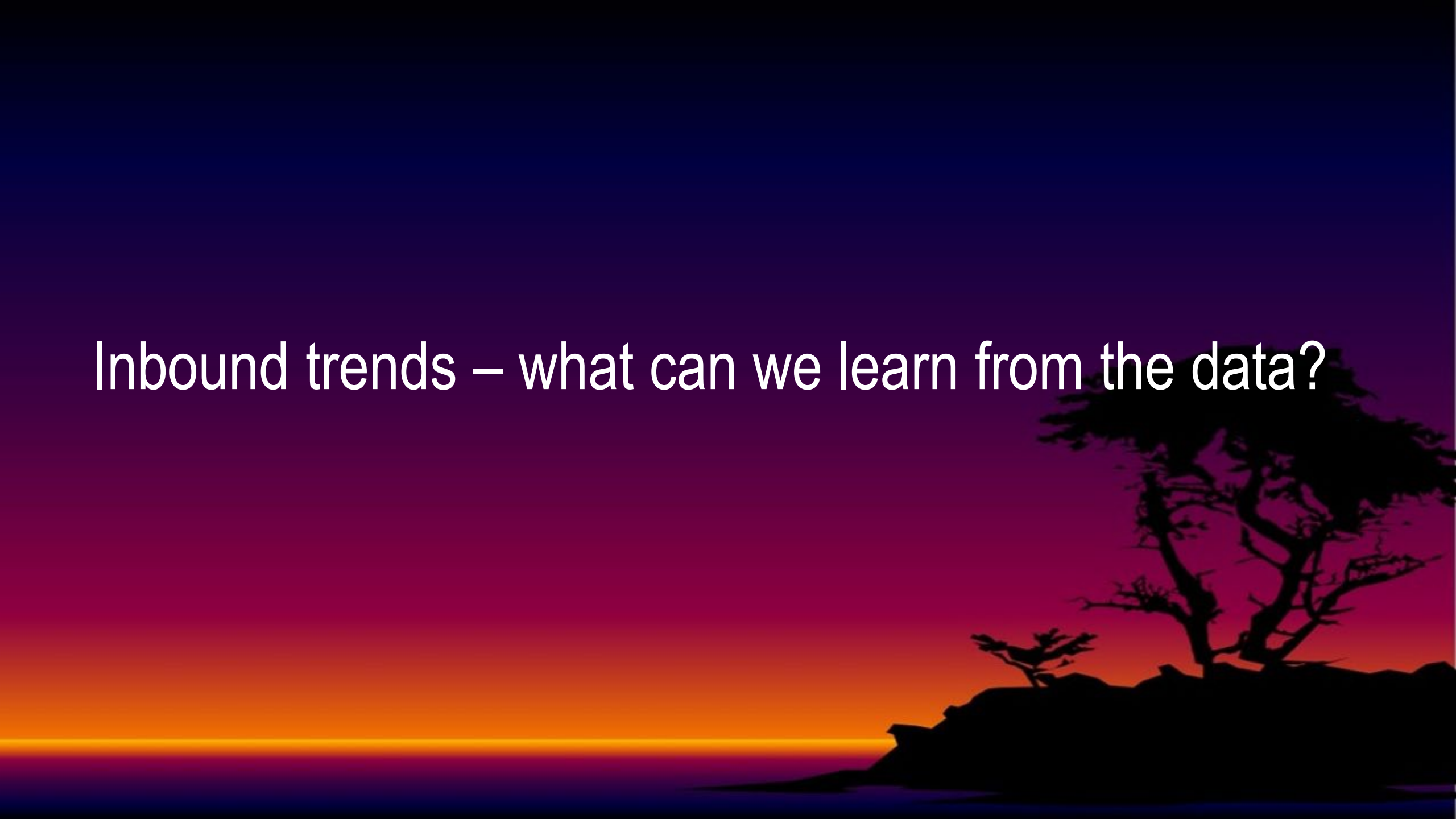
David Edwards
Scattered Clouds
September 2023



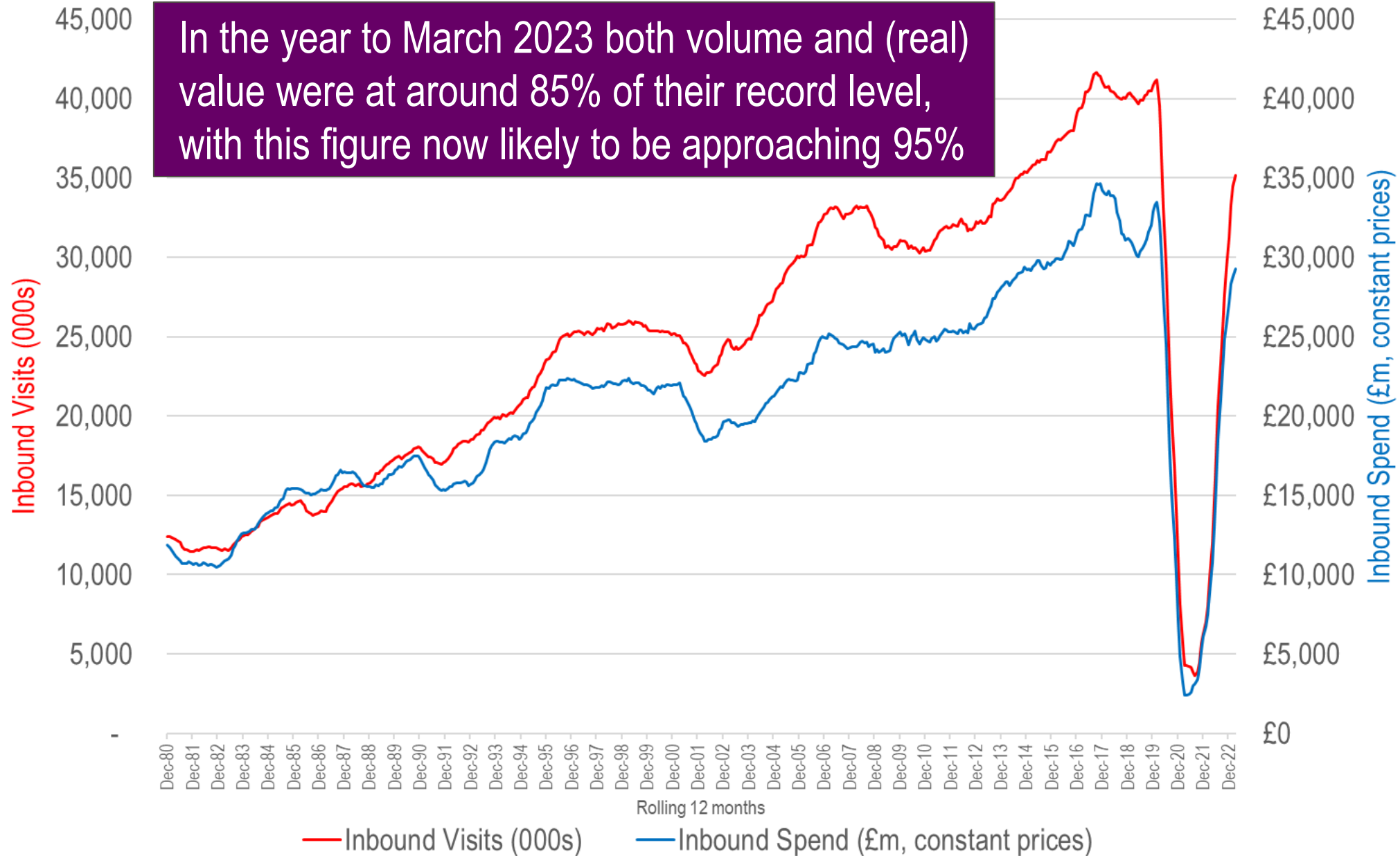
Coming up...

- Inbound trends – what can we learn from the data?
- Factors shaping current and near-term trends
- Aspects of a changing world
- Implications for inbound tourism

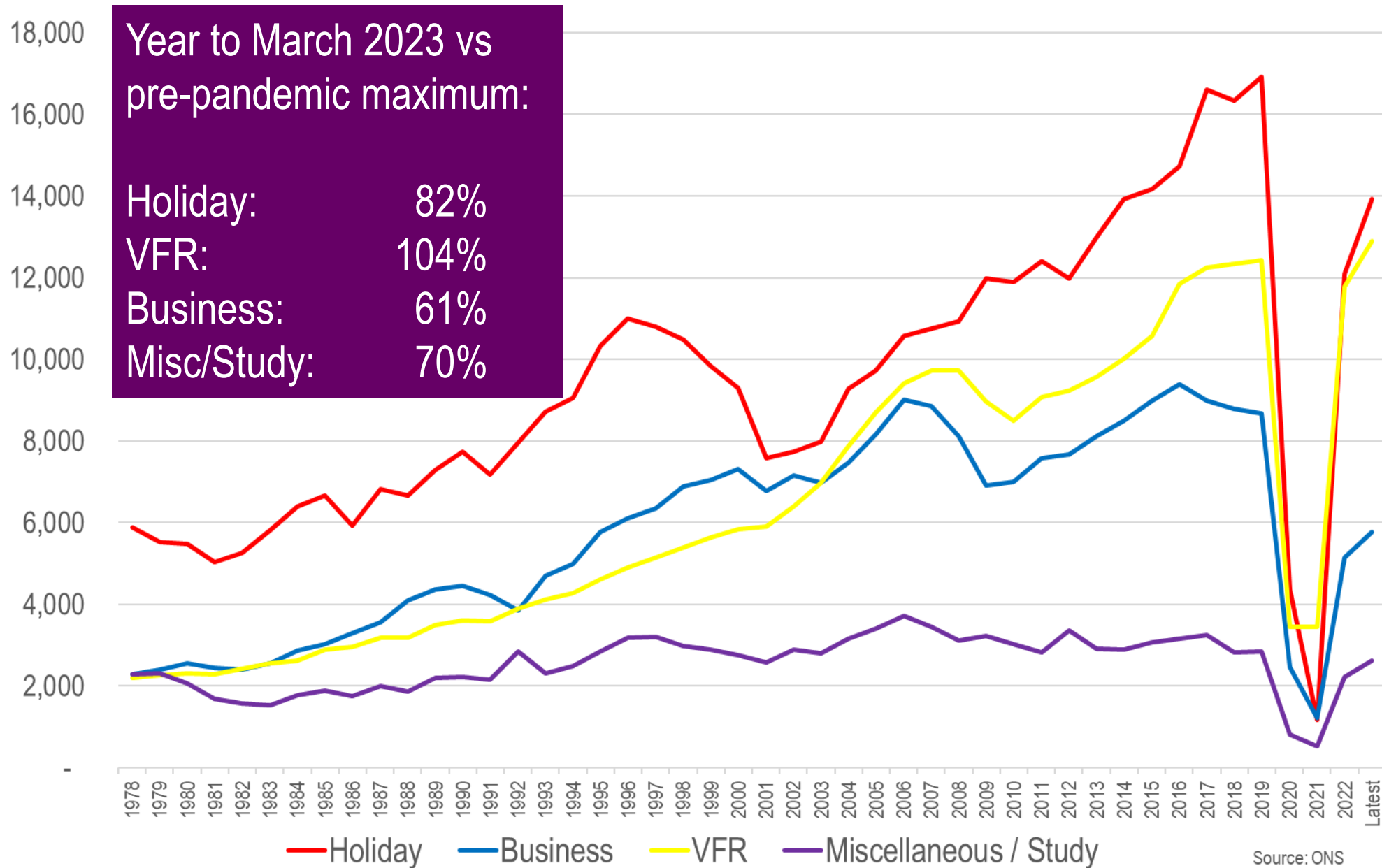
Inbound trends – what can we learn from the data?



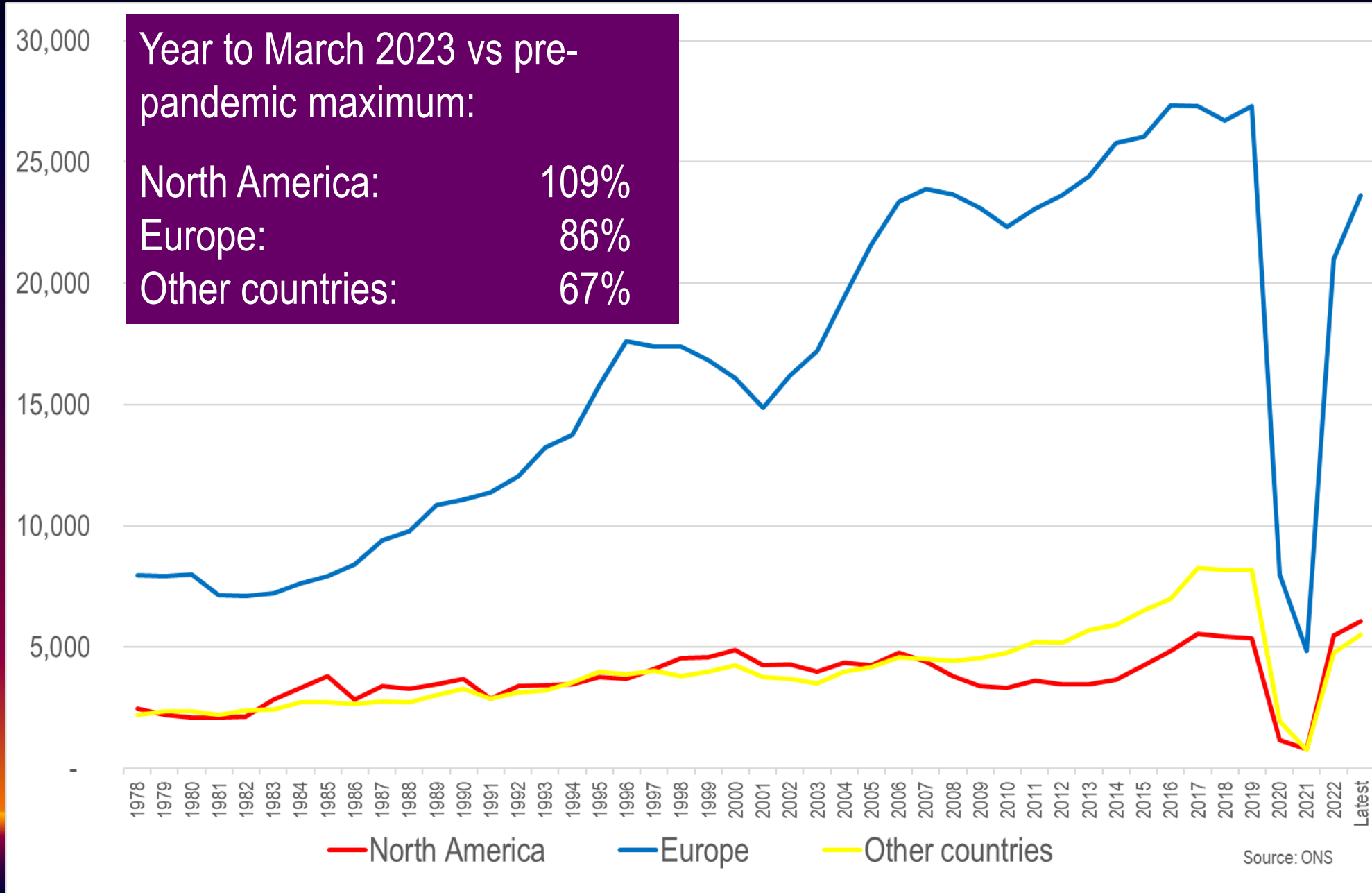
Volume and value (at constant prices) trends since 1980



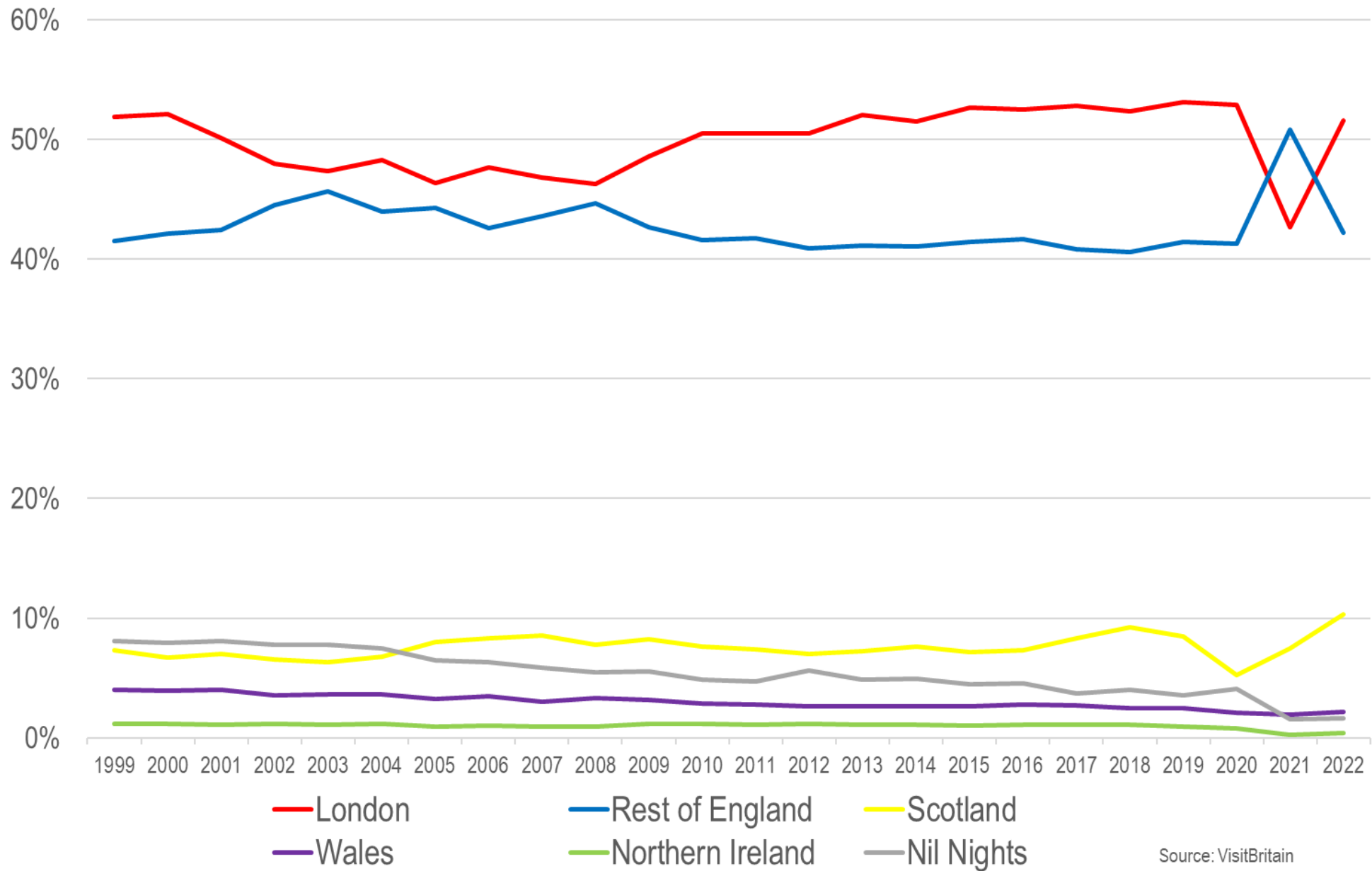
Inbound visits by journey purpose since 1978 (000s)



Inbound visits by world region (000s) since 1978

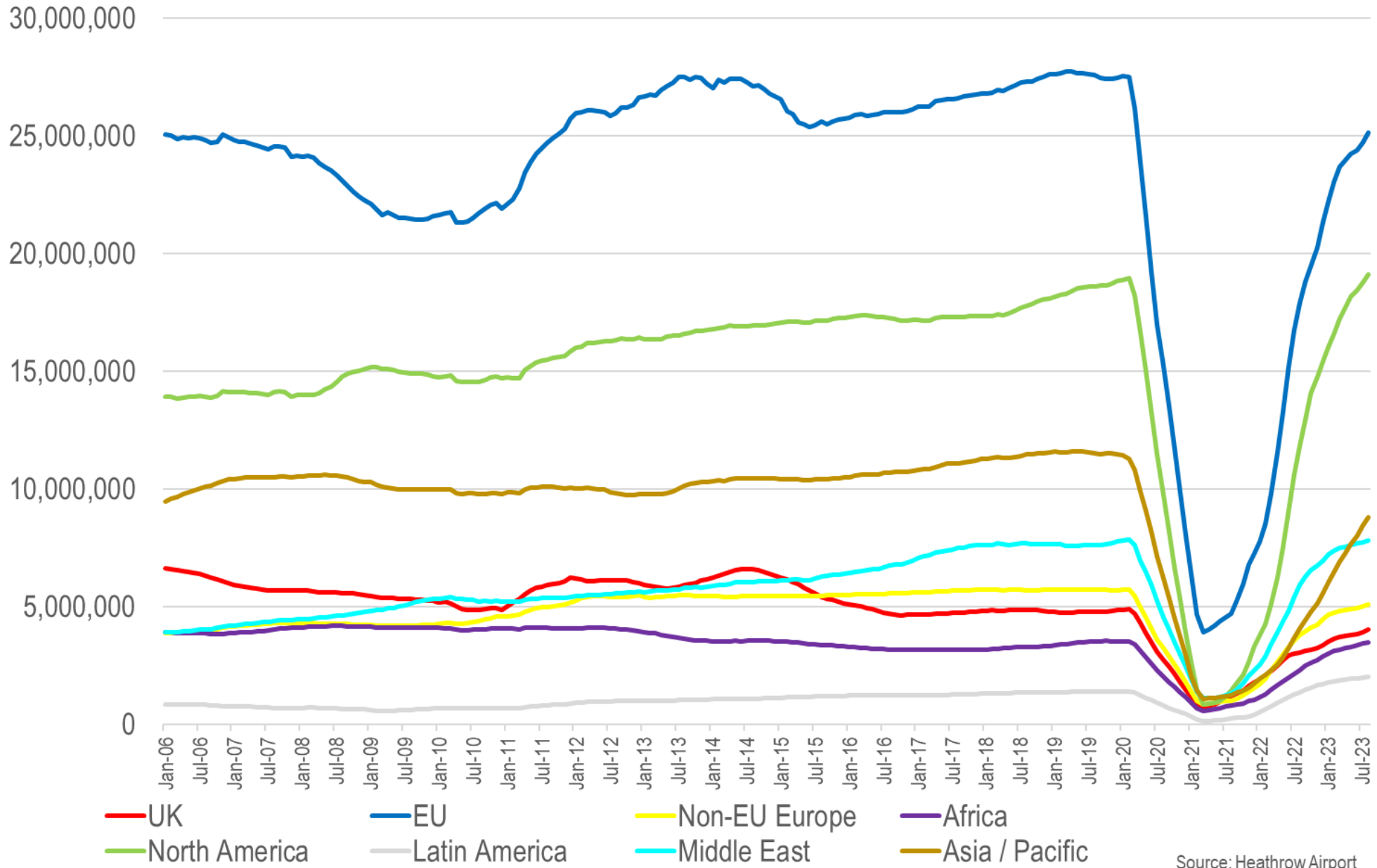


Regional spread of inbound visits since 1999



Source: VisitBritain

Heathrow passenger traffic by route segment since 2006 (rolling 12 months)

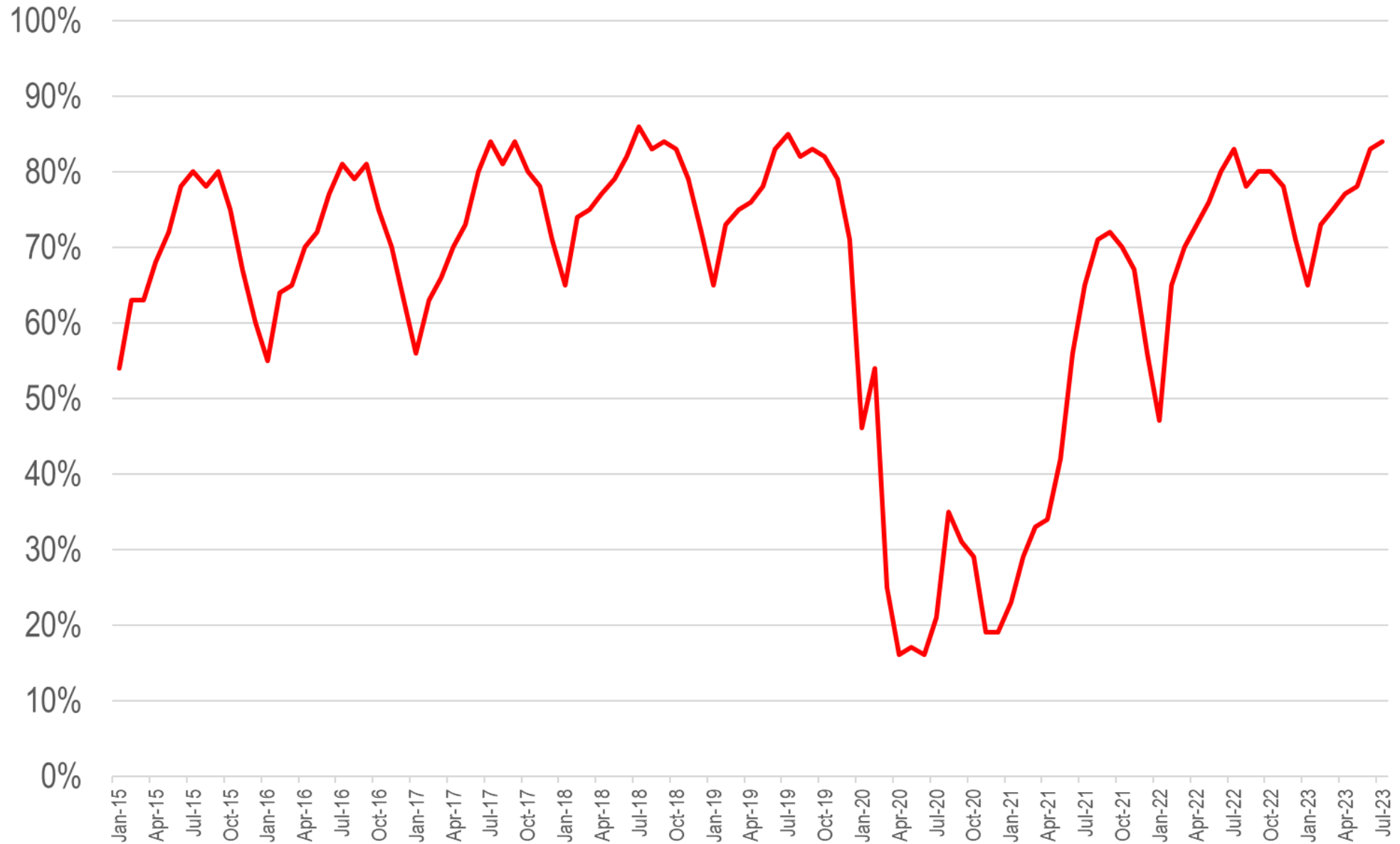


Year to August 2023 vs pre-pandemic maximum:

UK:	61%
EU:	91%
Non-EU Europe:	89%
Africa:	83%
North America:	101%
Latin America:	145%
Middle East:	99%
Asia Pacific:	76%

Source: Heathrow Airport

Accommodation sector bedroom occupancy (England, January 2015 to July 2023)



Source: VisitEngland

Factors shaping current and near-term trends

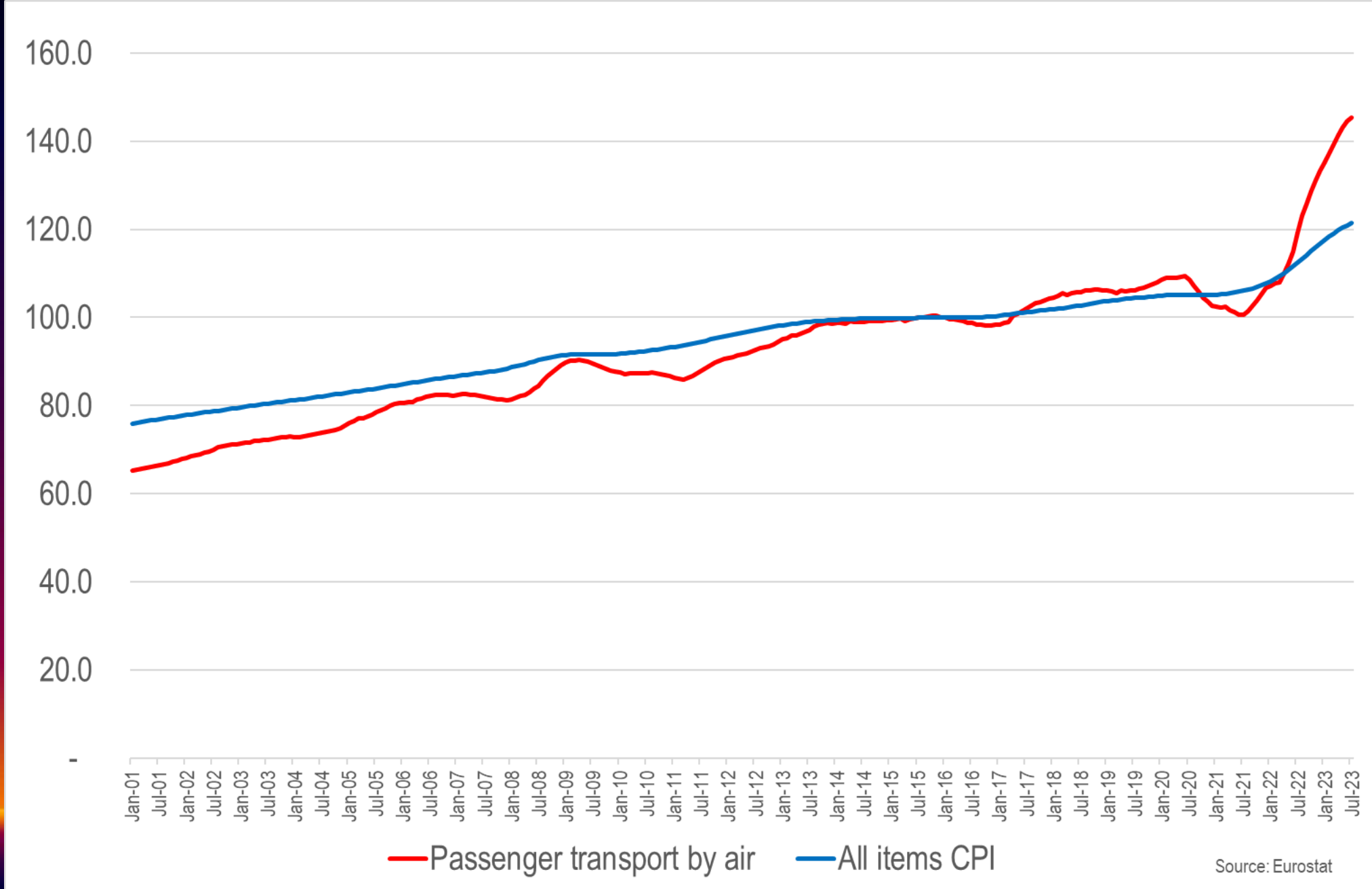
The background of the slide features a vibrant sunset sky with a gradient from deep purple at the top to bright orange and yellow near the horizon. In the lower right corner, the dark silhouettes of several trees and a rocky outcrop are visible against the bright light of the setting sun.

Top concerns for Europeans most likely to travel in next six months



Source: ETC

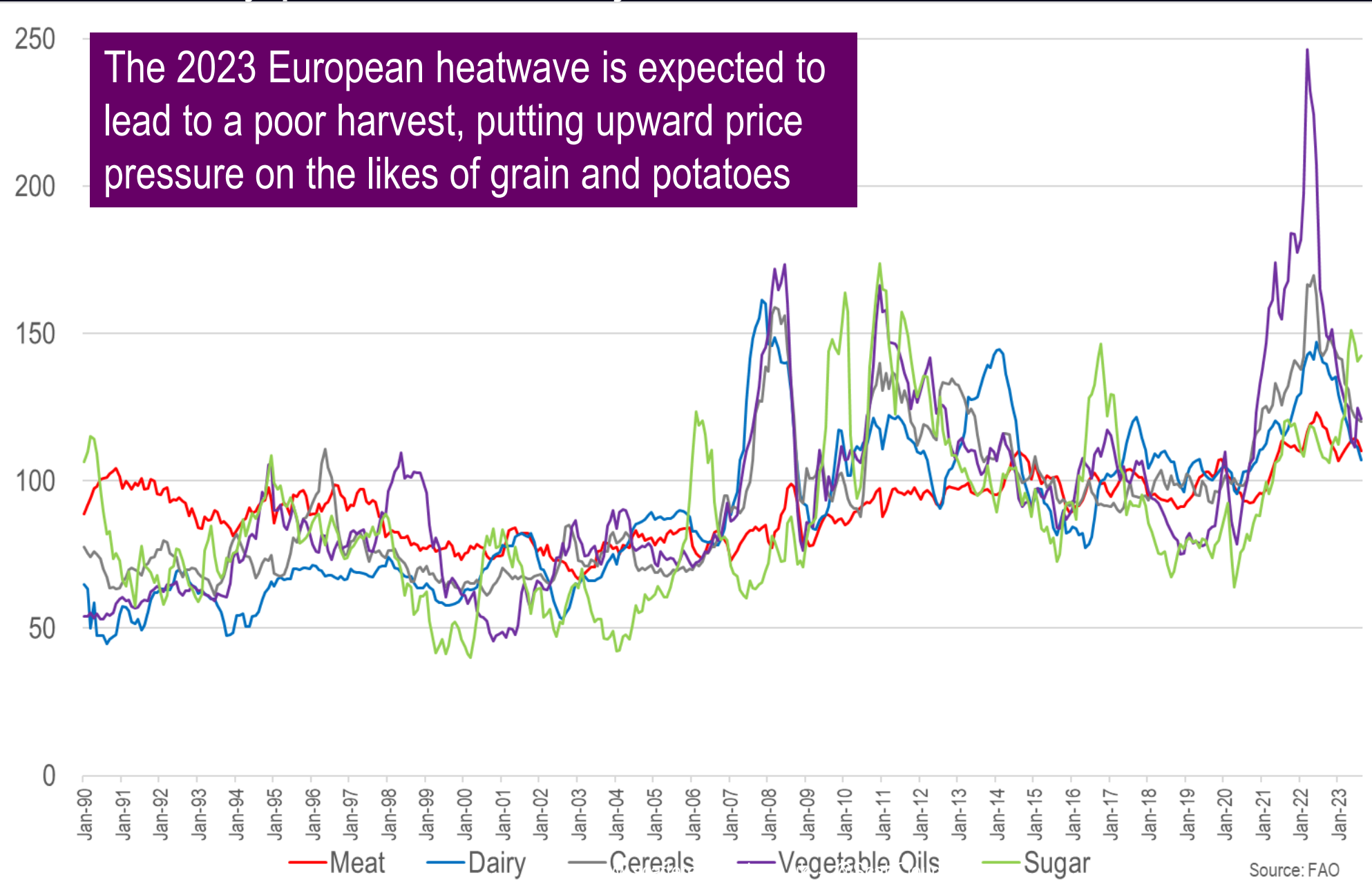
Cost of passenger transport by air versus overall CPI in Euro area (2015 = 100)



Source: Eurostat

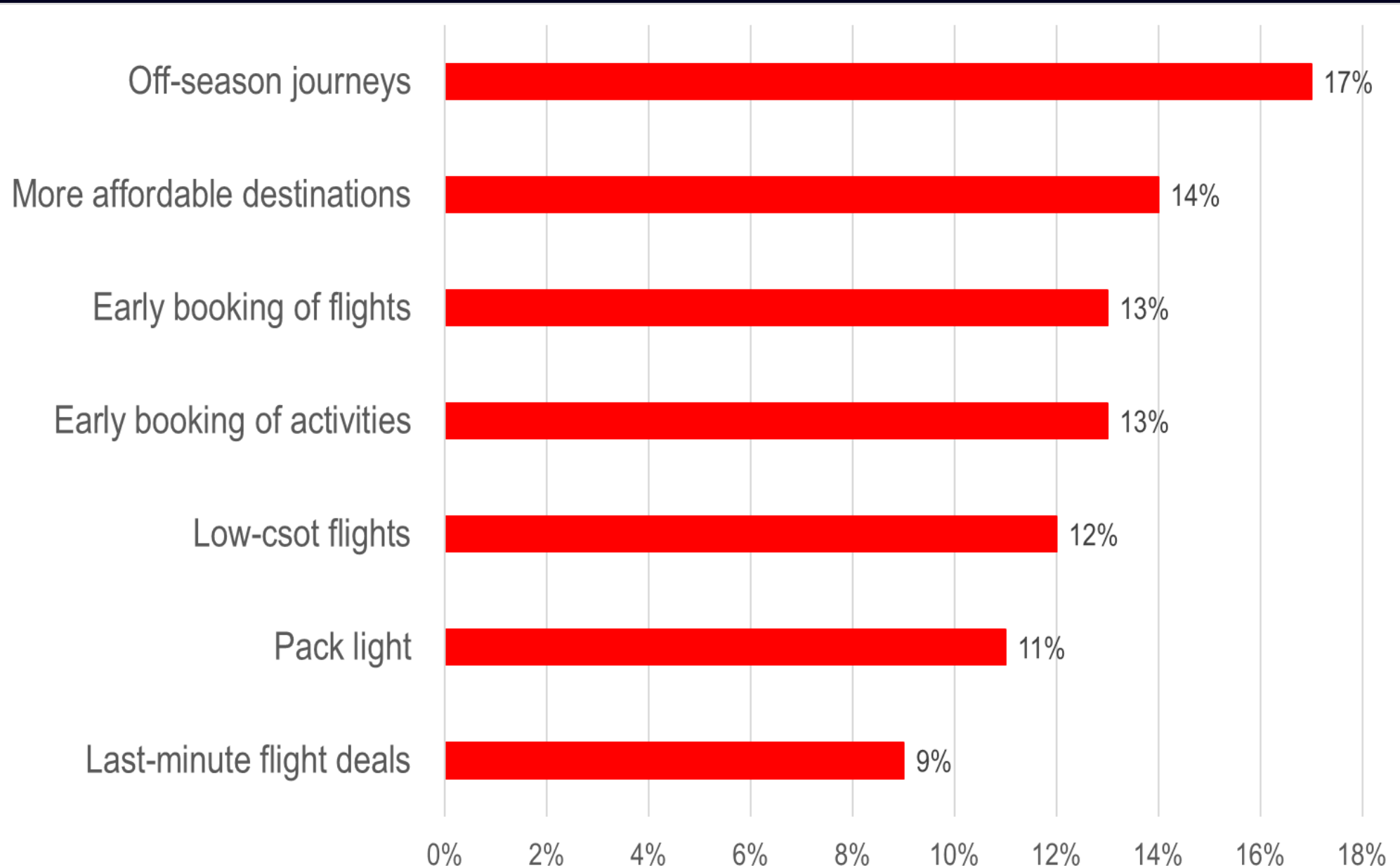
Food commodity price indices adjusted for inflation since 1990 (2014-16 = 100)

The 2023 European heatwave is expected to lead to a poor harvest, putting upward price pressure on the likes of grain and potatoes



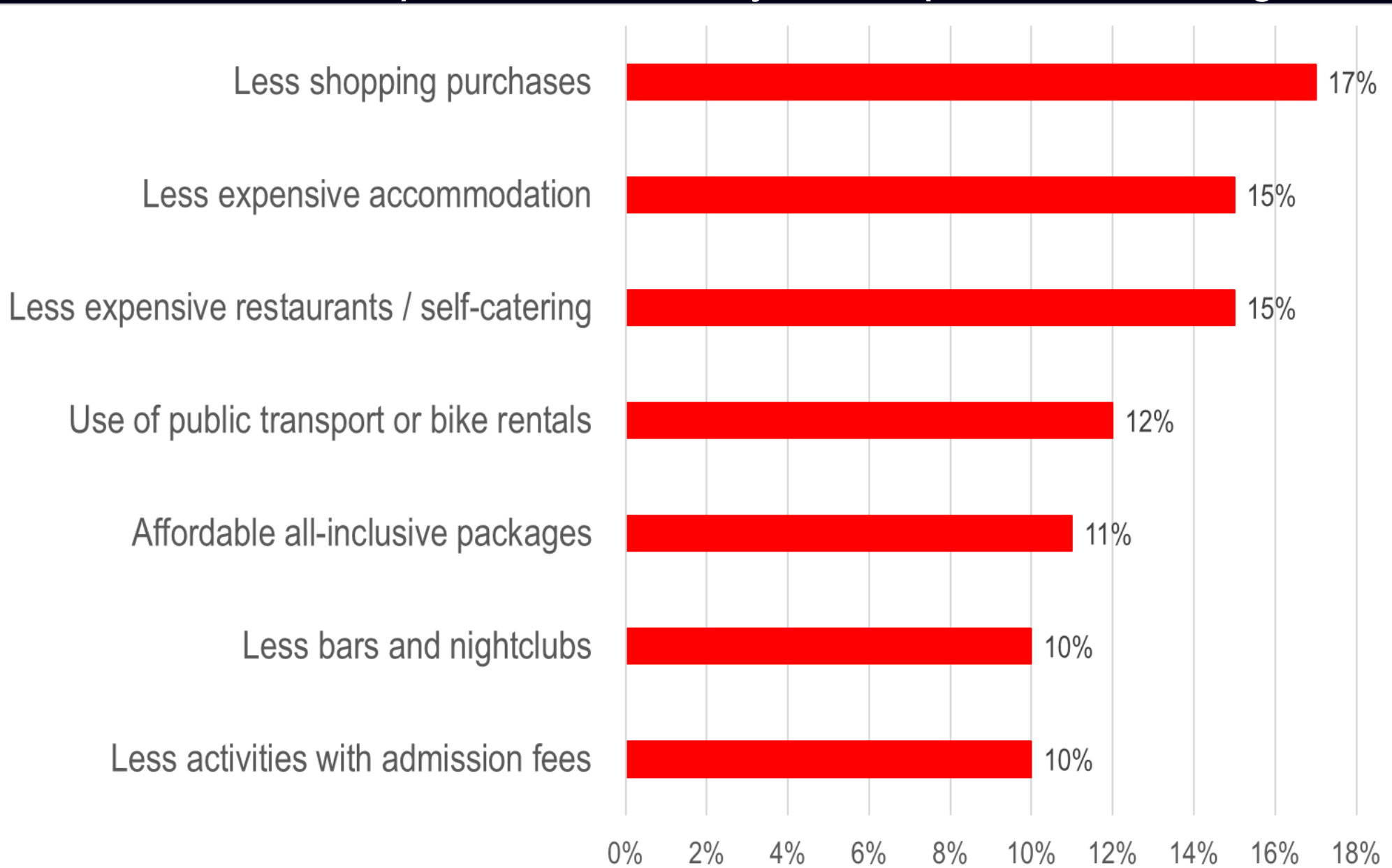
Source: FAO

Travel behaviours Europeans most likely to adopt **before** reaching destination



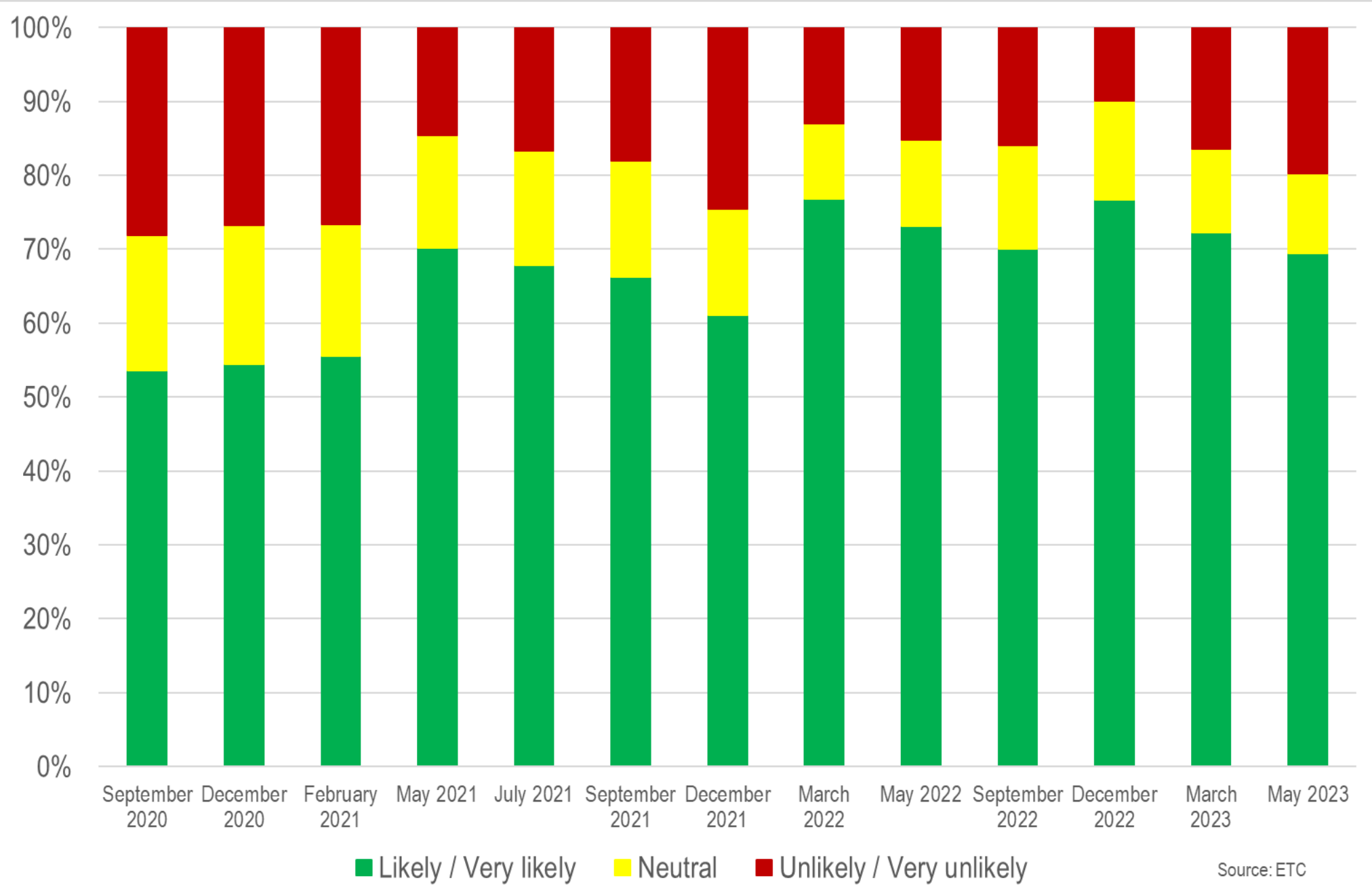
Source: ETC

Travel behaviours Europeans most likely to adopt **after** reaching destination

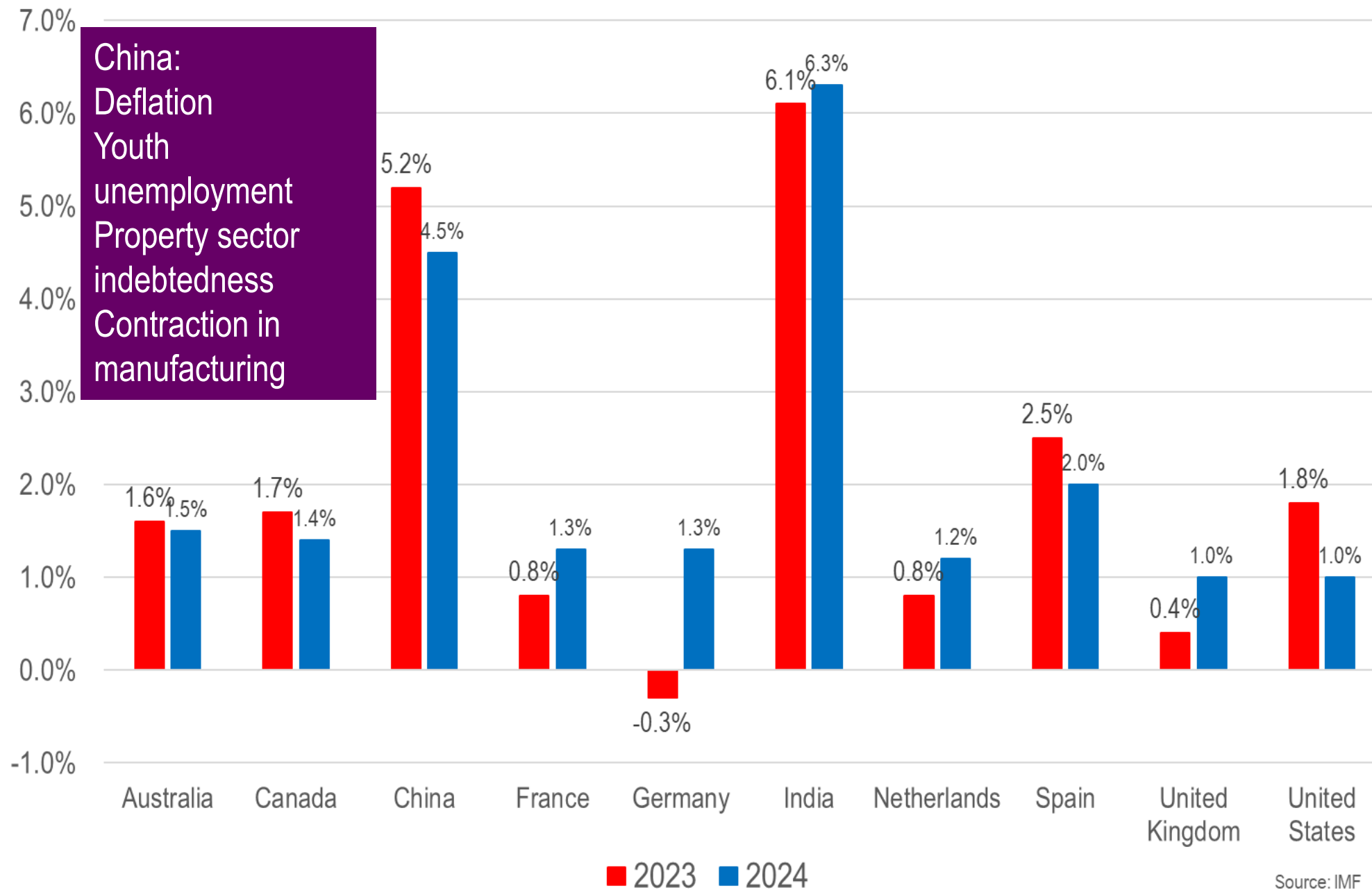


Source: ETC

Europeans' intention to travel within Europe during next six months

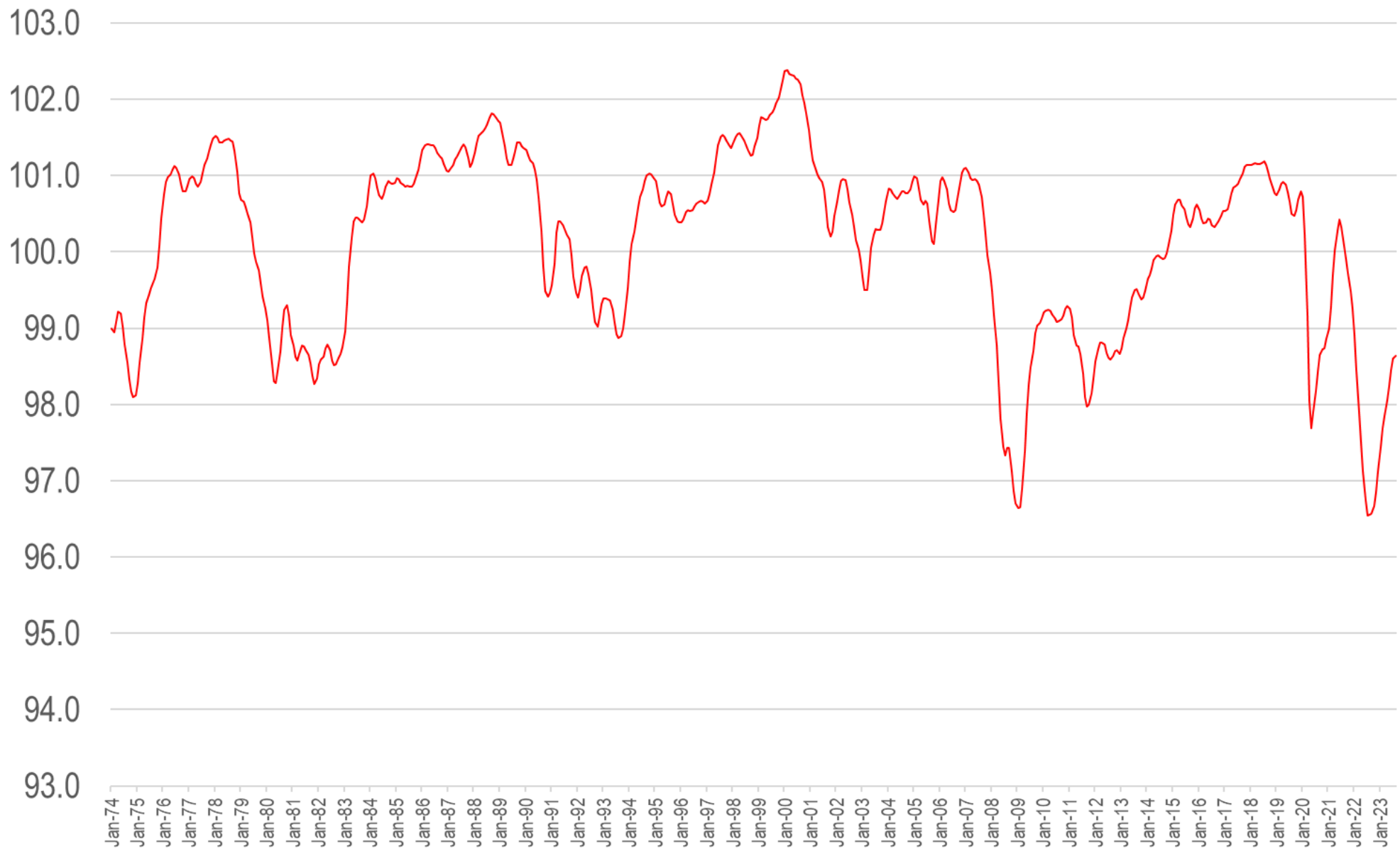


Current and projected real GDP growth



Source: IMF

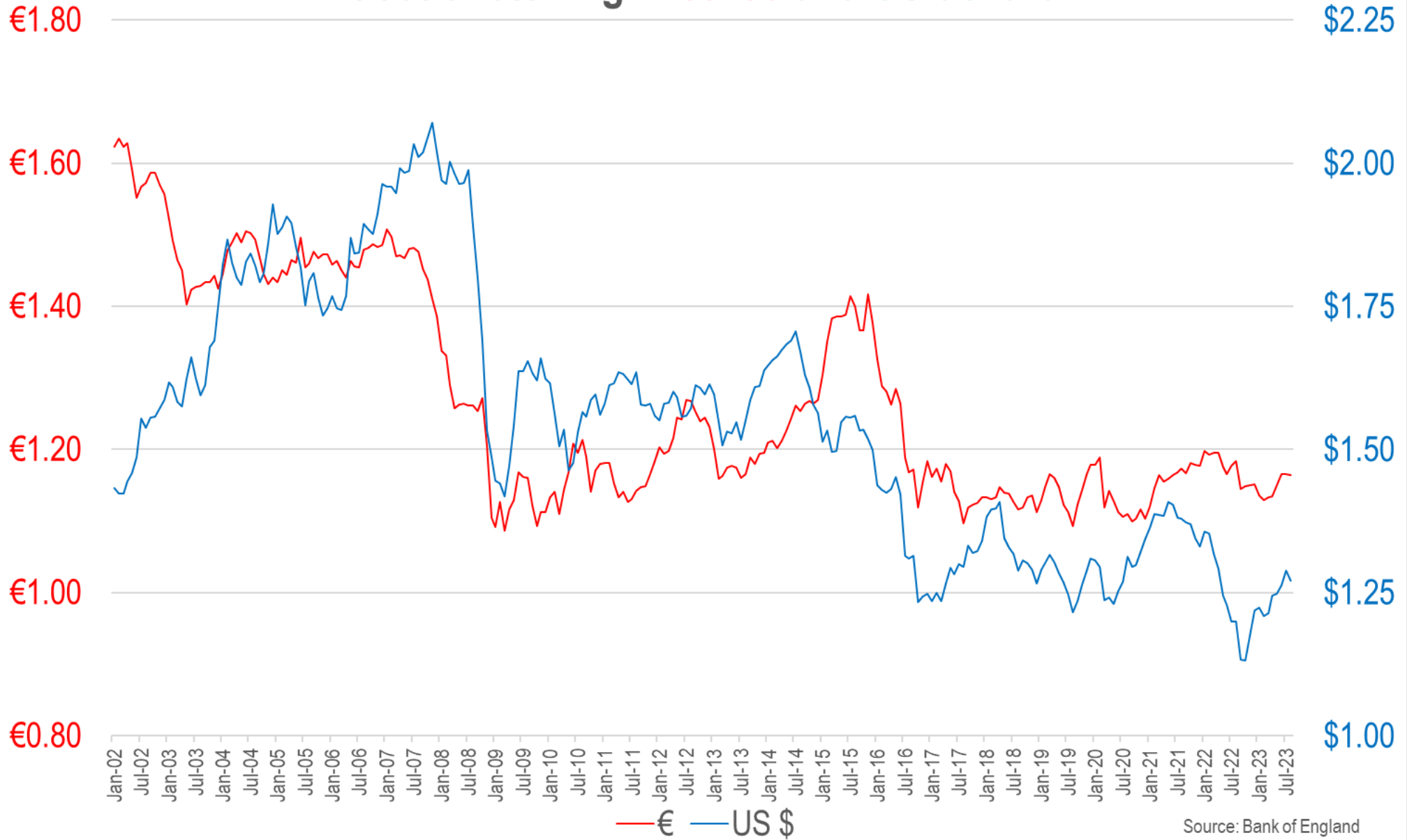
Trends in OECD consumer confidence since 1974



Source: OECD

The exchange rate

Cost of sterling in euros and US dollars



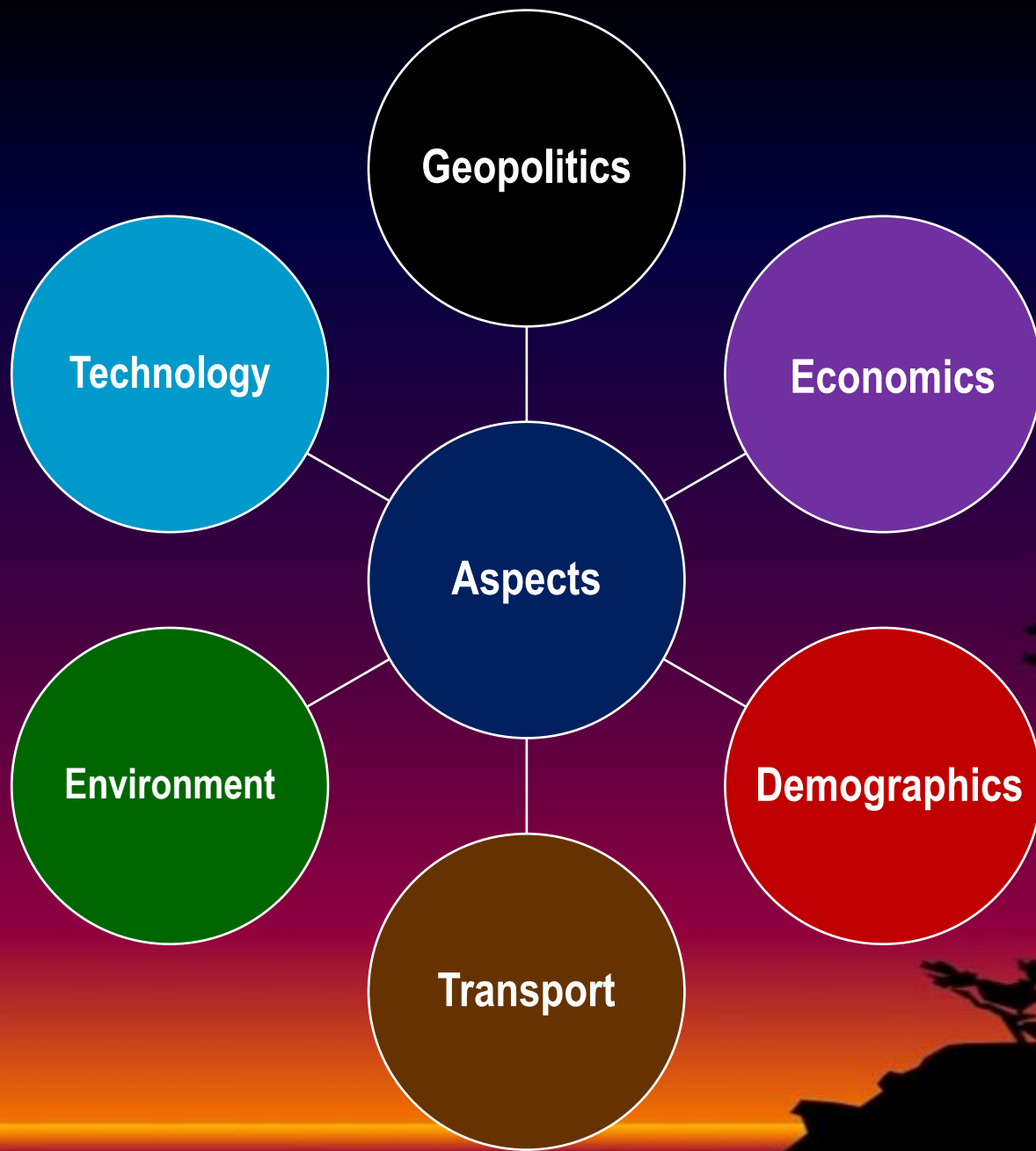
Source: Bank of England

Looking ahead to 2024...

- The UK will introduce an Electronic Travel Authorisation scheme for GCC nationals early in 2024, extending to other non-visa visitors later in the year
- The cost of an ETA to enter the UK will be £10
- The cost of a short-term visitor visa is to increase 15% from its current £100
- Meanwhile Brits going to the EU will have to apply for and purchase an European Travel Information and Authorisation System (ETIAS) by autumn 2024 at a cost of €7 (free to under 18s and over 70s)
- There are potential displacement opportunities on offer from Paris hosting the Olympic and Paralympic Games and Germany hosting the Men's Euros
- And we can expect a UK general election...

Aspects of a changing world

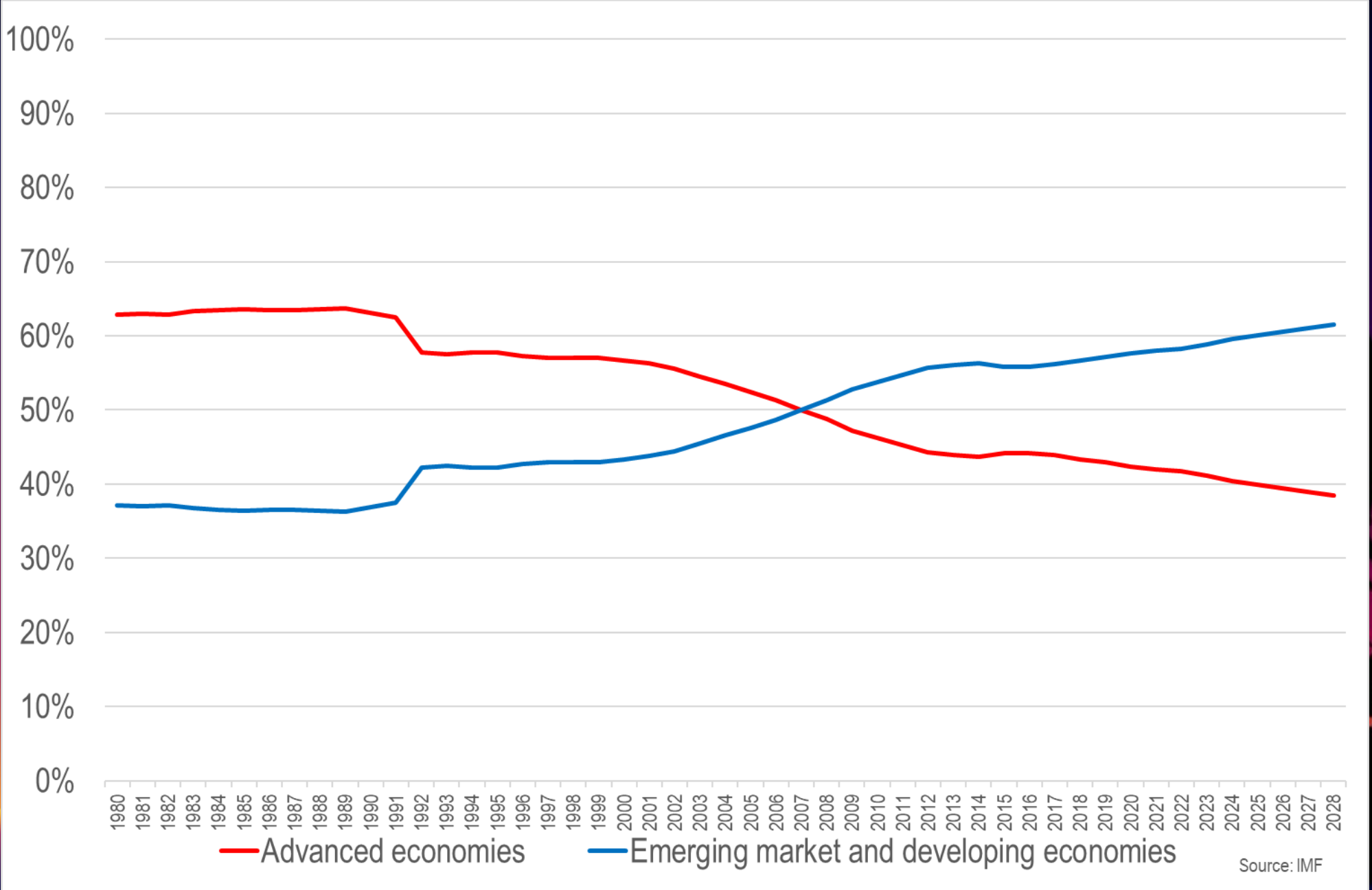




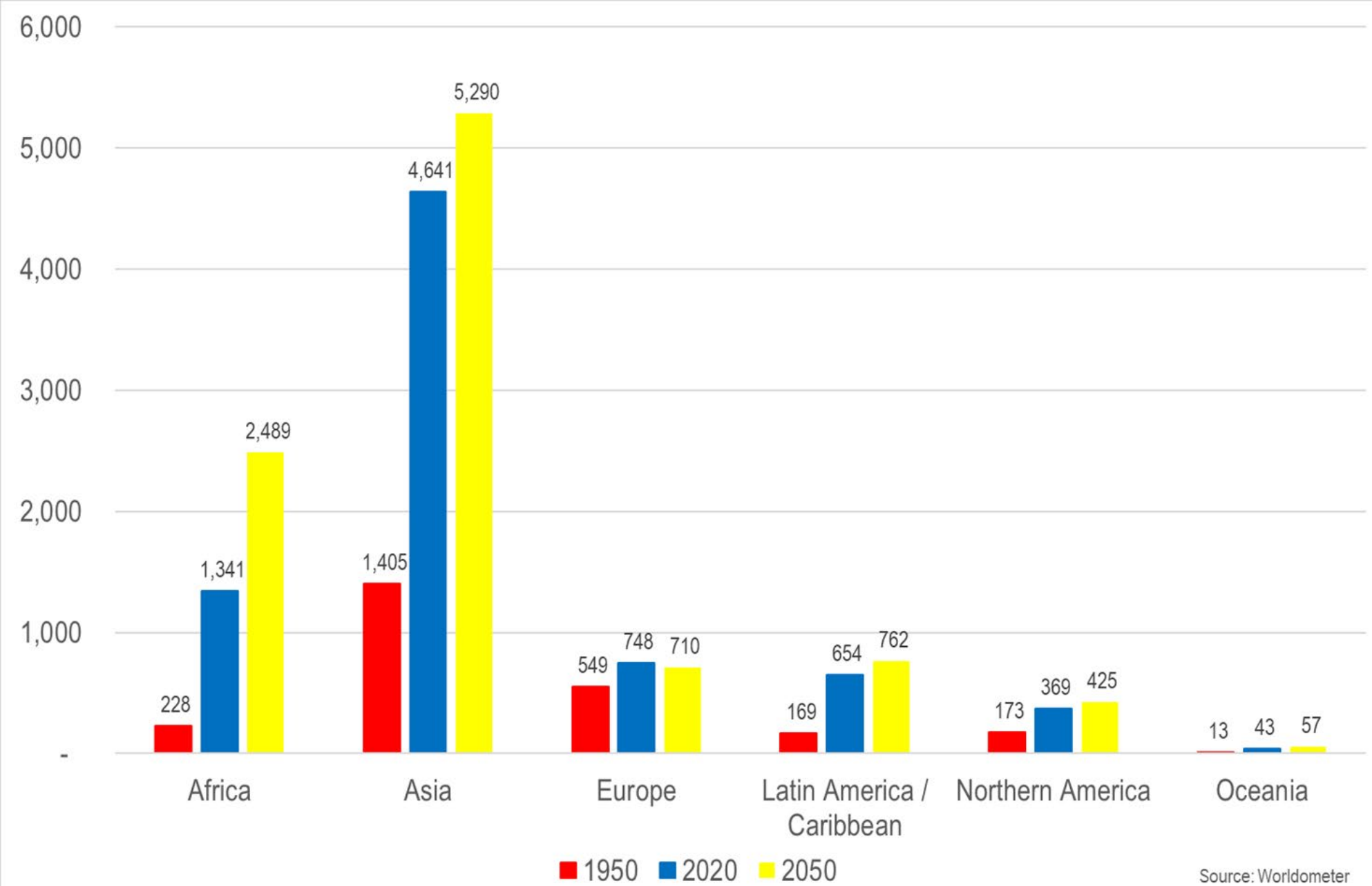
Geopolitics

- World Economic Forum suggests that “geopolitical and geoeconomic relations between major economies are set to experience significant volatility over the next six months”
- An era of globalization is transitioning to one of polarization, with a growing tendency for tribalism not just between countries but also within societies
- This is problematic at a time when many would argue a coordinated and collaborative approach is essential in addressing climate change
- A recent StudentUniverse survey found 82% of youth travellers said the laws / politics / attitudes of a country would impact their willingness to visit
- What happens in Ukraine may influence China’s stance towards Taiwan

Estimated and projected share of global economy 1980 to 2028

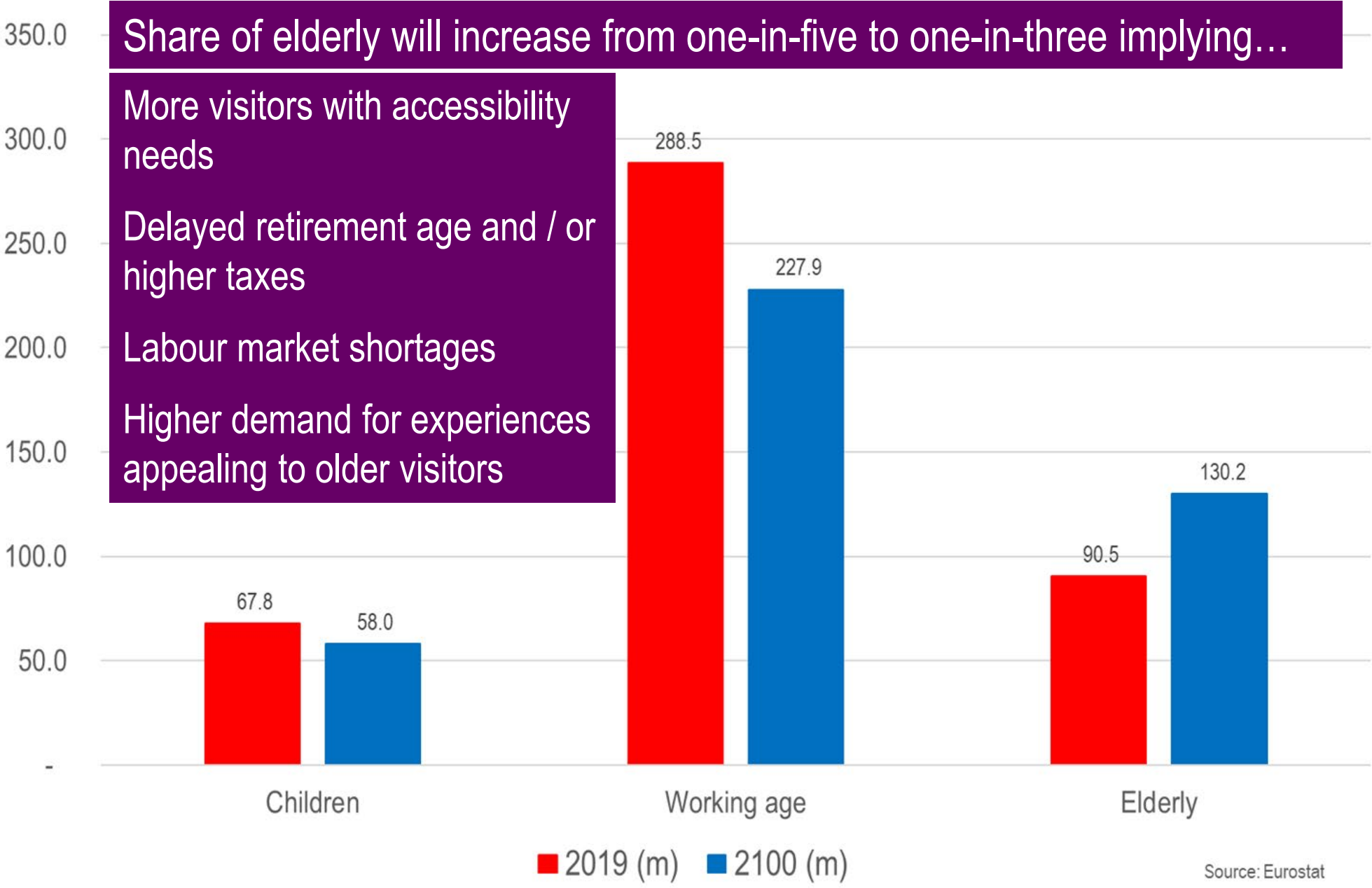


Global population: estimates and projections (millions)

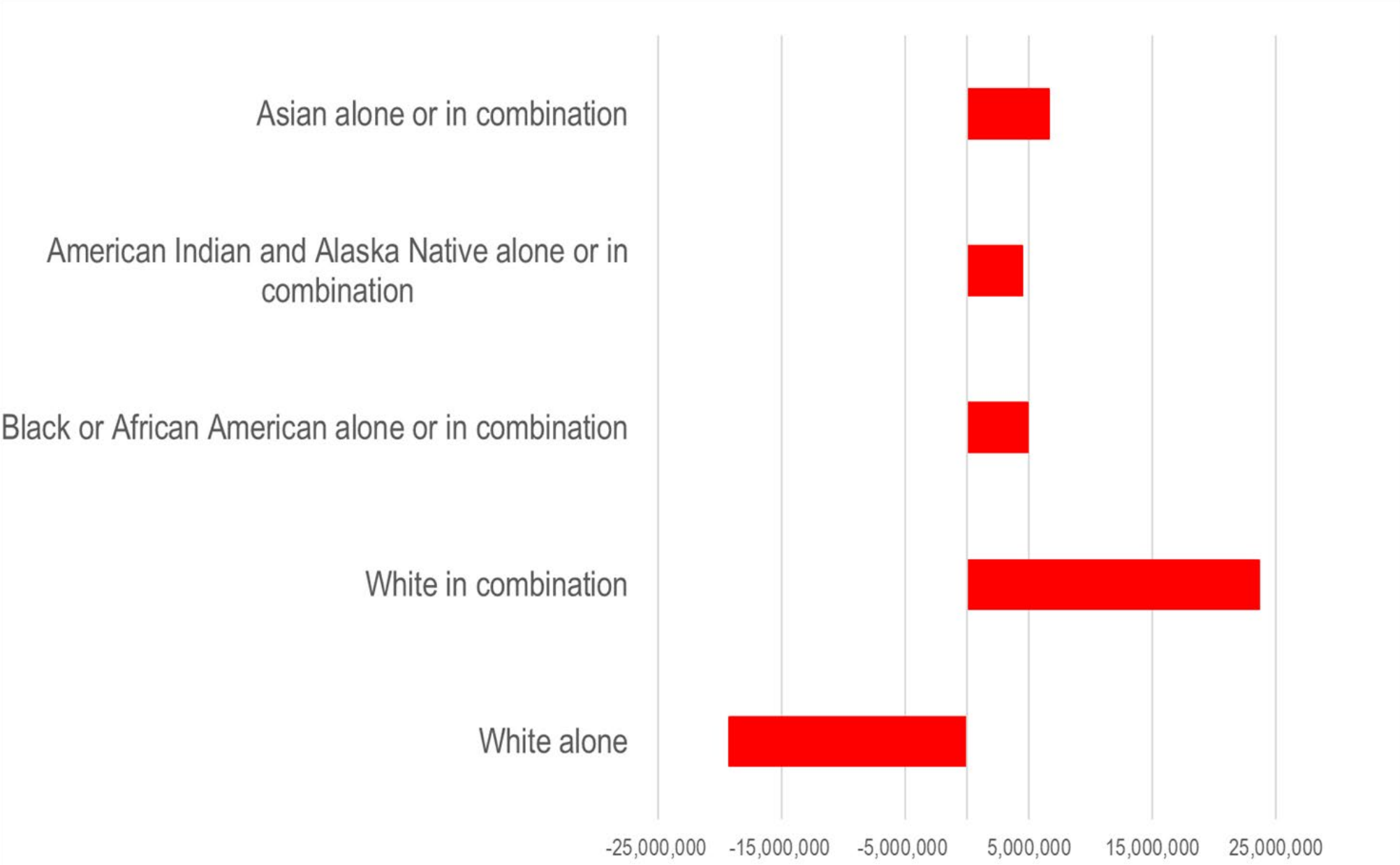


Source: Worldometer

Estimated and projected EU population (millions)

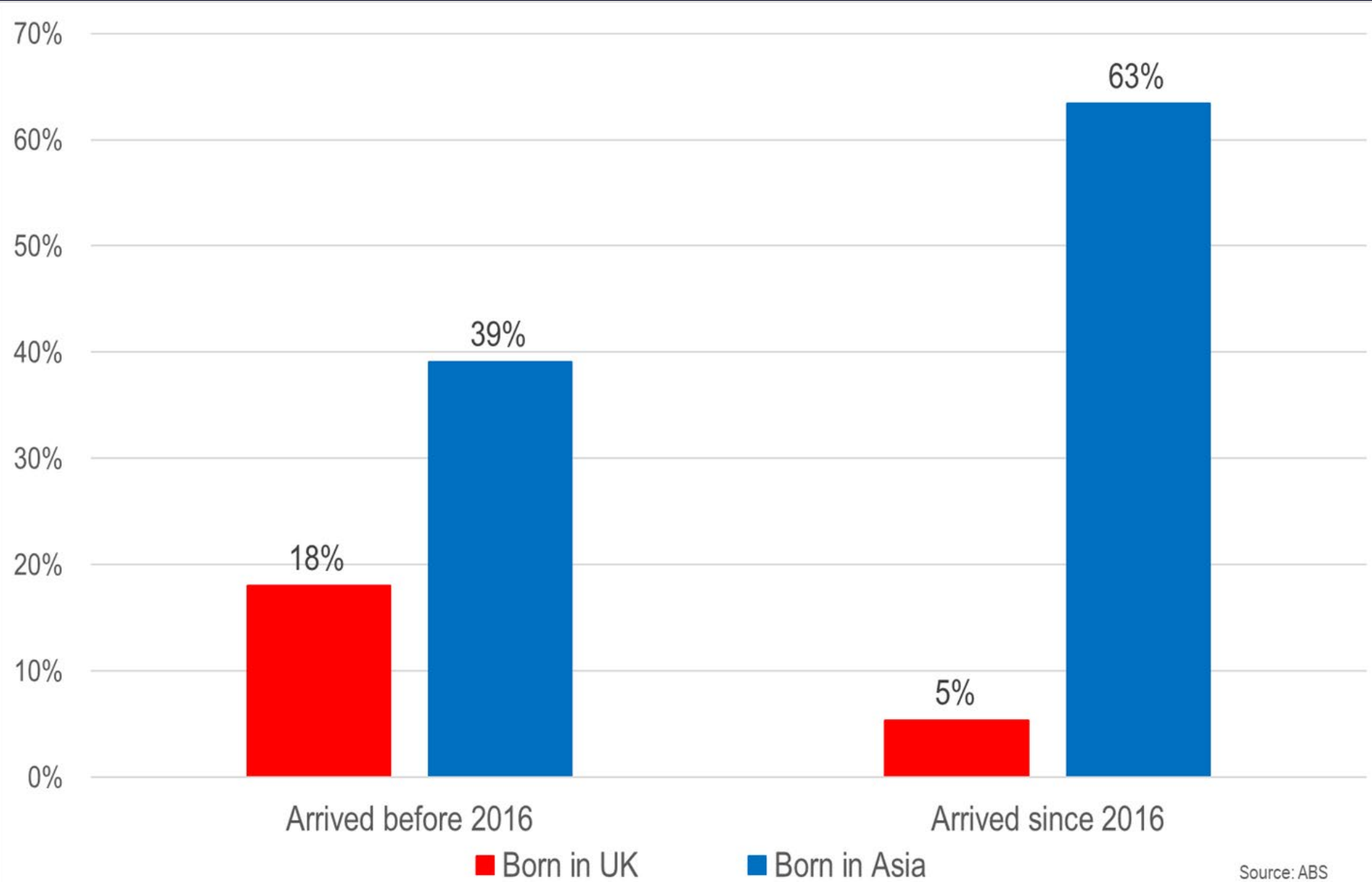


Change in the ethnic mix of the US population between 2010 and 2020



Source: US Census Bureau

Share of foreign-born population of Australia by arrival date in Australia



Source: ABS

Number of runways at leading European airports

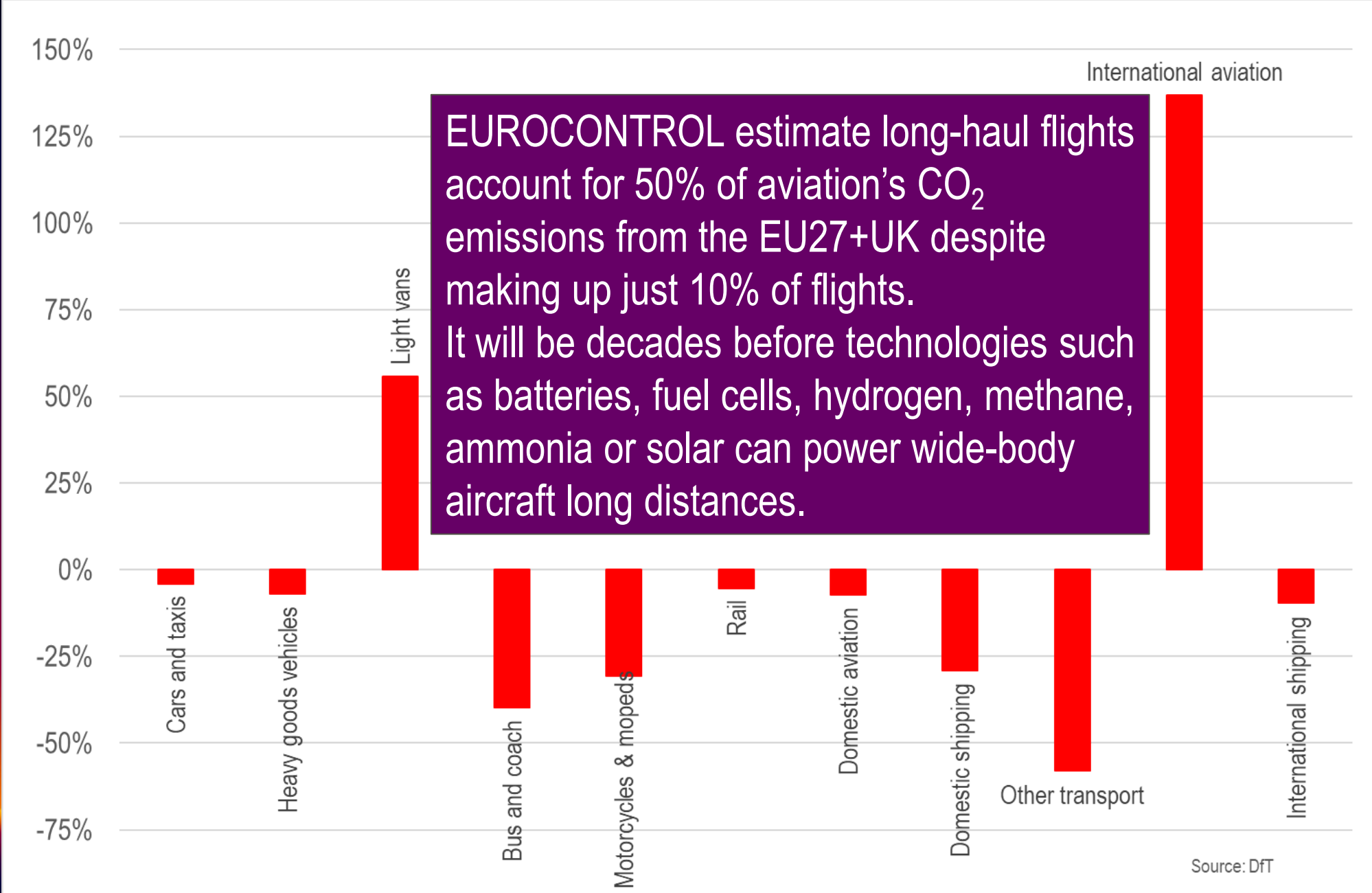


Morocco has more miles of High-Speed railway than the UK

By 2030 Sicily will have a High-Speed railway linking Palermo and Catania

In the UK HS2 is not expected to link Birmingham with Euston until 2043

UK Greenhouse Gas Emissions by transport mode: % change 1990 to 2019



The 10 days with the highest mean temperature since 1771 in Central England

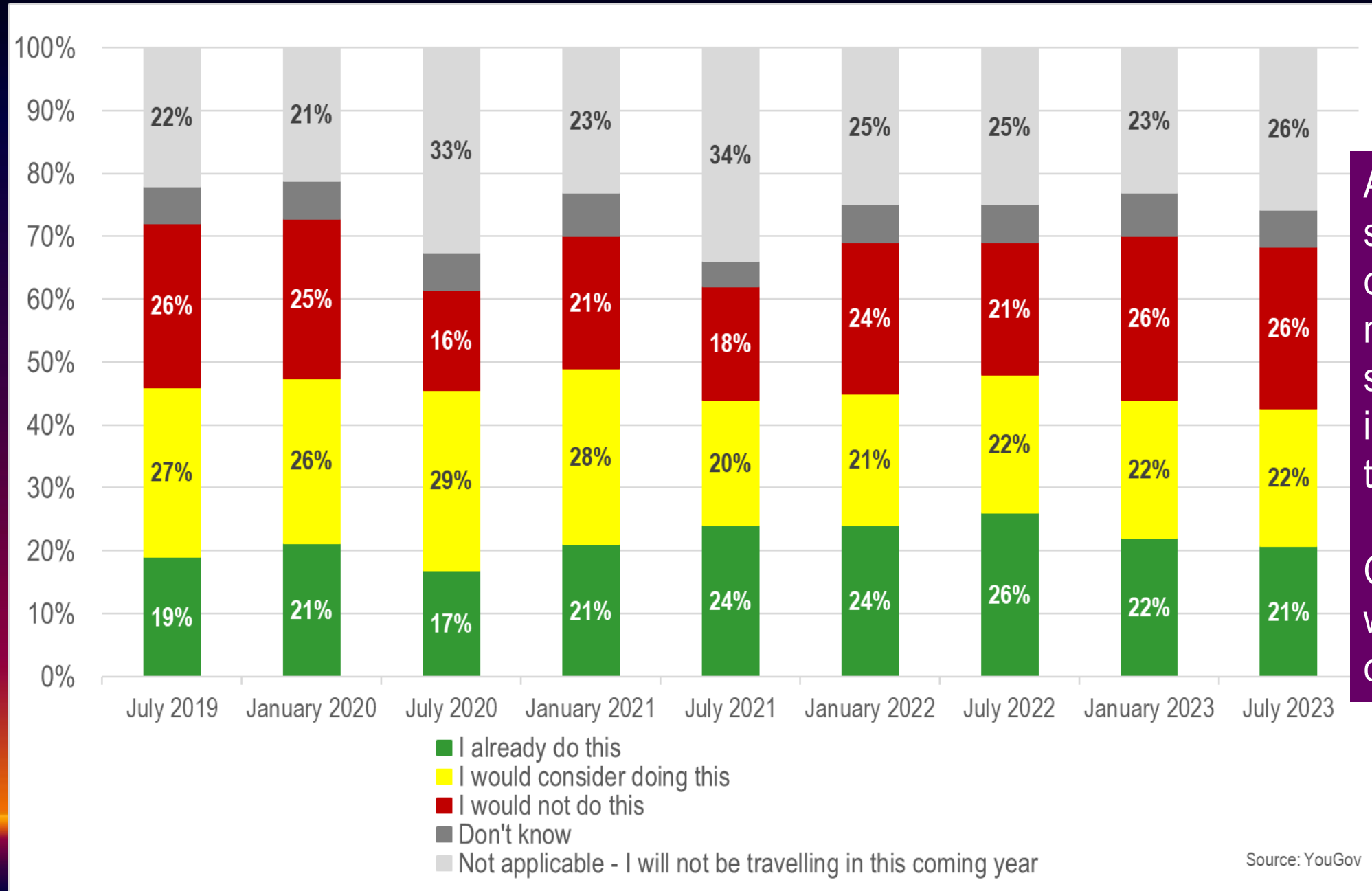
Mean daily temperature °C

19th July 2022	28.1
25th July 2019	25.3
12th August 2020	25.2
29th July 1948	25.1
1st August 1995	24.8
1st July 2015	24.7
2nd August 1995	24.6
19th July 2006	24.6
13th July 1808	24.5
4th July 1976	24.5

Source: Central England Temperature time series



Willingness of Brits to swap a foreign holiday for a UK holiday to avoid flying



A StudentUniverse survey found climate change is a concern but not a blocker, with half saying it had little or no impact on their desire to travel overseas.

Only 23% said they would consider paying a carbon offset.

Source: YouGov

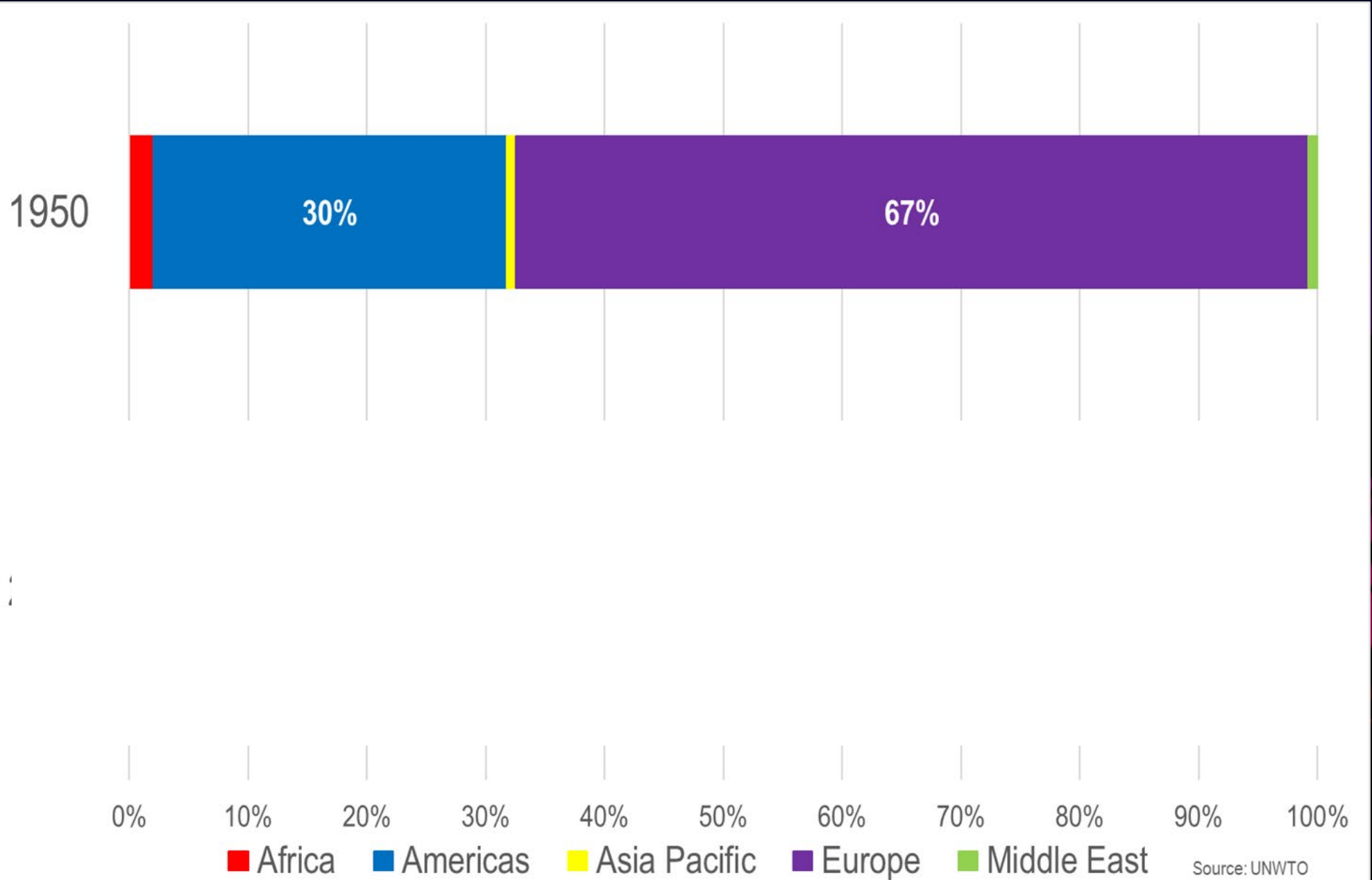
Technology: more friend than foe (hopefully)

- In recent decades the internet and use of hand-held devices has transformed tourism behaviour before, during and after trips
- While technology can go some way in helping the sector tackle labour shortages, we should not lose sight of how important a positive interaction with frontline staff can be in driving advocacy
- The industry can use AR to add richness to the visitor experience in places such as museums
- Thankfully, visitors still crave actual rather than Virtual Reality
- Technology can have its foibles as NATS proved this August Bank Holiday
- The looming uncertainty is AI's role in shaping future tourism demand and supply; perhaps we should ask ChatGPT...

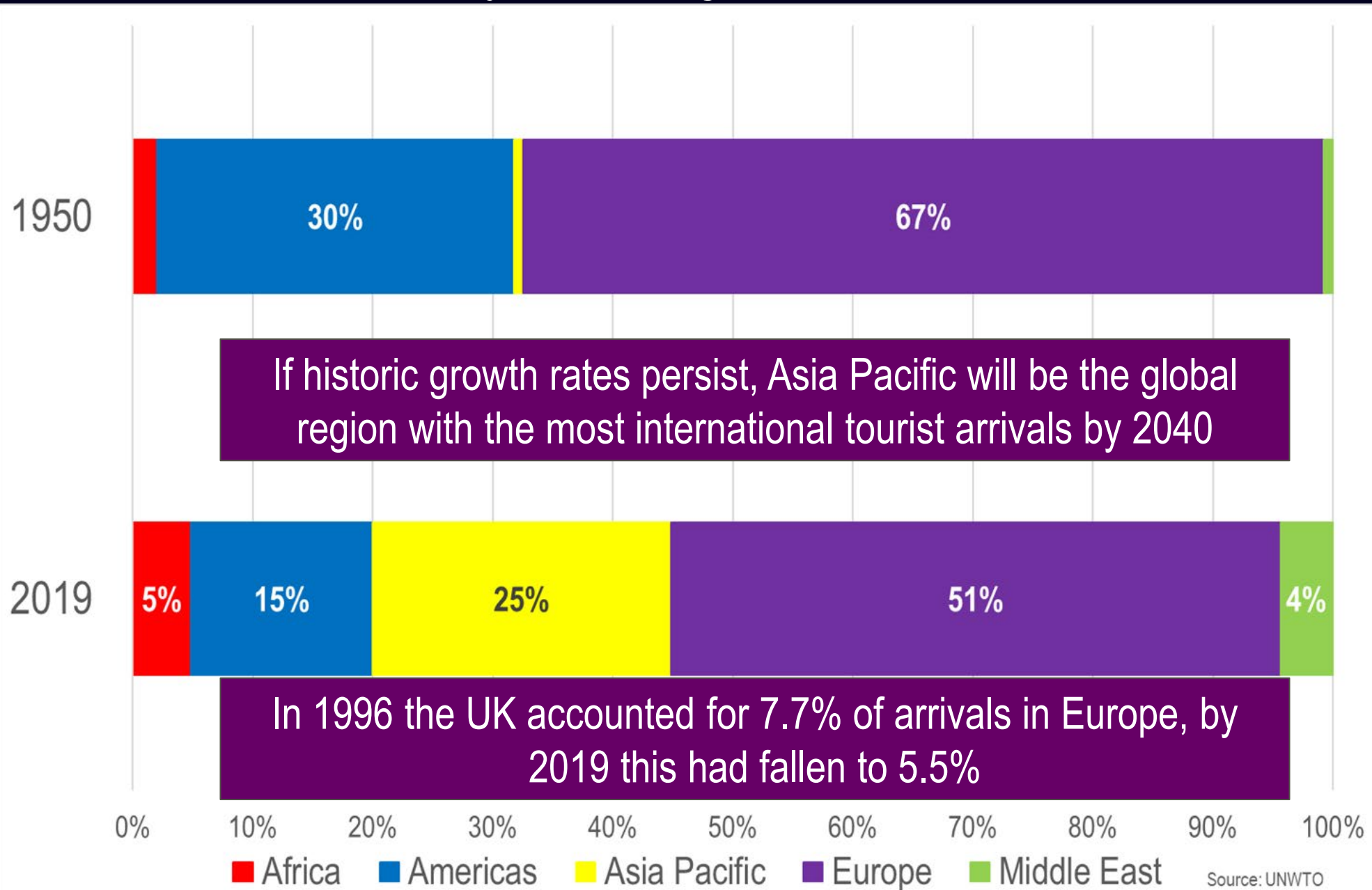
Implications for inbound tourism



Global international arrivals by world region



Global international arrivals by world region



World's busiest airports by passenger numbers (millions)

Top ten airports in 2000

Hartsfield-Jackson Atlanta	80.2
Chicago O'Hare	72.1
Los Angeles	66.4
London Heathrow	64.6
Dallas Fort Worth	60.7
Tokyo Haneda	56.4
Frankfurt	49.4
Paris Charles de Gaulle	48.2
San Francisco	41.0
Amsterdam Schiphol	39.6

Source: Wikipedia

World's busiest airports by passenger numbers (millions)

Top ten airports in 2000

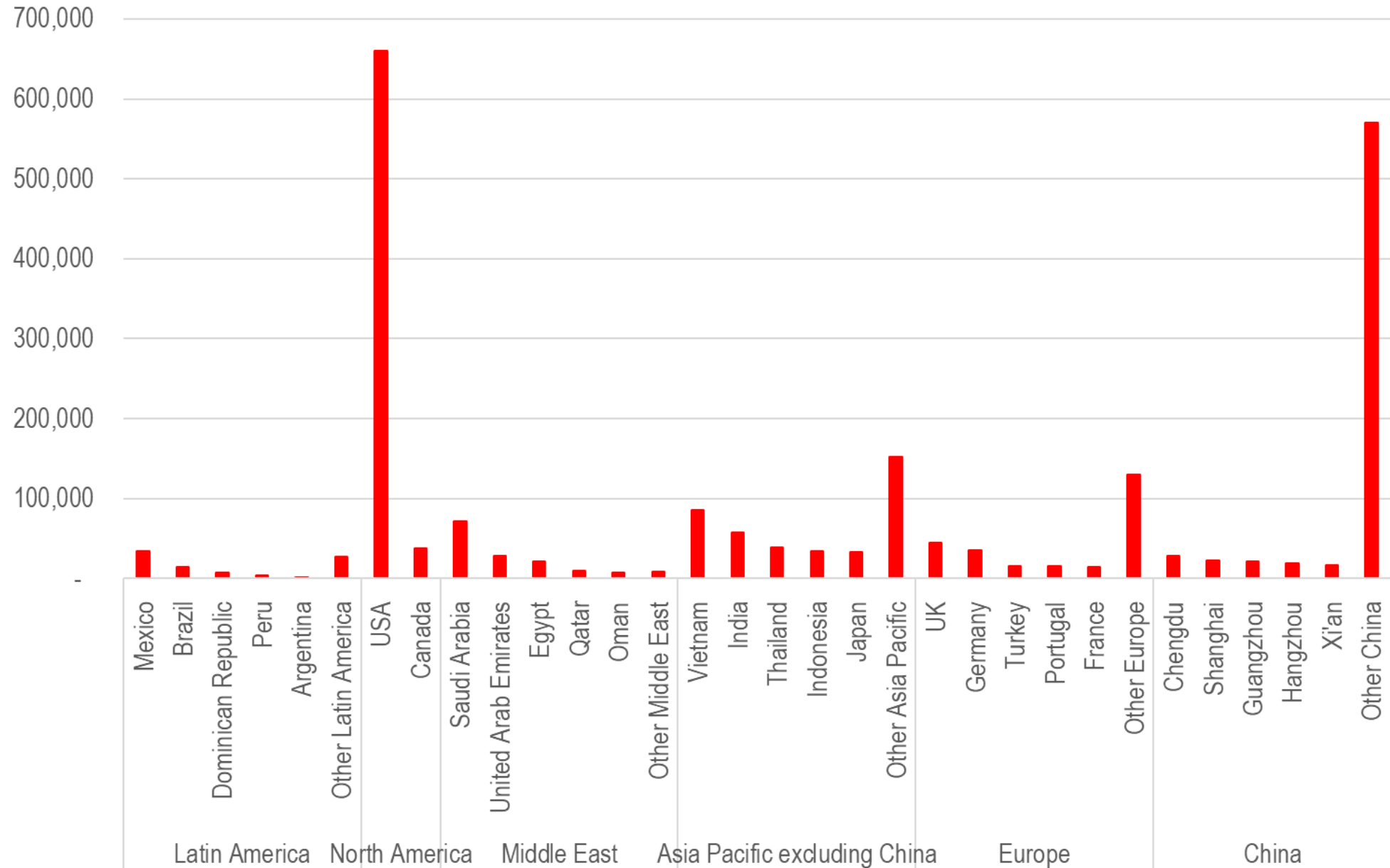
Hartsfield-Jackson Atlanta	80.2	
Chicago O'Hare	72.1	
Los Angeles	66.4	
London Heathrow	64.6	
Dallas Fort Worth	60.7	
Tokyo Haneda	56.4	
Frankfurt	49.4	▼8
Paris Charles de Gaulle	48.2	
San Francisco	41.0	▼14
Amsterdam Schiphol	39.6	▼2

Top ten airports in 2019

Hartsfield-Jackson Atlanta	110.5	
Beijing Capital	100.0	not in top 30 in 2000
Los Angeles	88.1	
Dubai International	86.4	not in top 30 in 2000
Tokyo Haneda	85.5	▲ 1
Chicago O'Hare	84.6	▼ 4
London Heathrow	80.9	▼ 3
Shanghai Pudong	76.2	not in top 30 in 2000
Paris Charles de Gaulle	76.2	▼ 1
Dallas Fort Worth	75.1	▼ 5

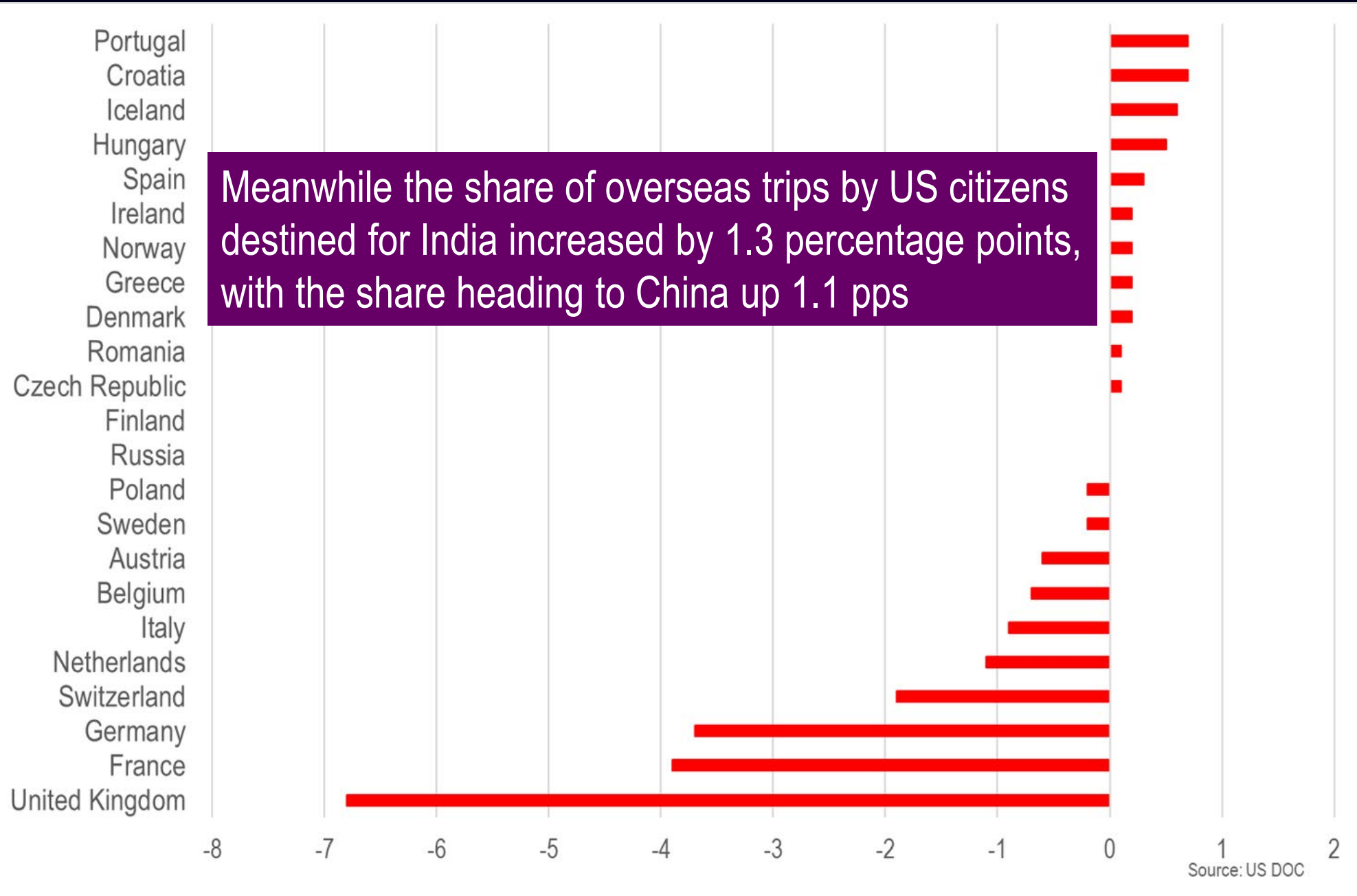
Source: Wikipedia

Rooms in the hotel construction pipeline at end Q2 2023



Source: LodgingEconometrics

Change in share of overseas trips by US citizens to European destinations 2000-19 (pp)



Have recent decades been a golden age for UK inbound tourism?

- The UK has benefitted from...
- Being on the doorstep of wealthy Europeans with easy access to our shores
- Strong cultural and familial ties with North Americans and Australasians
- One of the world's leading hub airports in our best-known / most visited city
- Rapid expansion in the availability and ease of booking low-cost air travel
- A softening exchange rate helping to improve our value for money narrative
- Global coverage from events such as royal weddings and hosting the Olympic and Paralympic Games
- Being in an expanding EU, thereby growing our pool of barrier-free visitors and workers

Has that golden age come to an end?

- Future outbound tourism growth will be from markets where we have few if any competitive advantages
- Our traditional source markets are set for slow economic growth, and zero or negative population growth
- Our transport infrastructure needs sustained and significant investment
- Protecting and promoting our cultural and heritage assets needs sustained and significant investment
- The slow march of demography will impact staff recruitment and retention
- Net Zero targets and climate change necessitate difficult conversations about what constitutes good inbound tourism growth in the future

A silhouette of a tree on a cliff against a sunset sky. The sky transitions from a bright orange glow at the horizon to a deep purple and blue at the top. The tree is dark and stands on a rocky outcrop on the right side of the frame.

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