The Tourism Alliance is the Voice of the Tourism Industry, comprising 49 Tourism Industry Organisations that together represent some 200,000 businesses of all sizes throughout the UK.

The purpose of the Tourism Alliance is to identify and develop policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism, to maximise its contribution to the economy.

Members

ABTA – The Travel Association
ALMR
ALVA
ANTOR
Association for Tourism in Higher Education
BALPPA
Bed & Breakfast Association
Brighton and Hove Tourism Alliance
British Beer & Pub Association
British Destinations
British Educational Travel Association
British Holiday & Home Parks Association
British Hospitality Association
British Marine Federation
Business in Sport & Leisure
Business Visits & Events Partnership
Camping & Caravanning Club
Confederation of Passenger Transport
Country Land and Business Association
Cumbria Tourism
EASCO
English UK
European Tour Operators Association
Farm Stay UK
Group Business Travel Forum
Heritage Railway Association
Historic Houses Association
Historic Royal Palaces
Holiday Centres Association
Hoseasons
Institute of Tourism Guiding
Liverpool City Region LEP
Marketing Manchester
National Caravan Council
National Trust
New Forest Tourism
Outdoor Industries Assiation
Resort Development Organisation
South West Tourism Alliance
The Caravan Club
The Tourism Society
Tourism For All
Tourism South East
UKInbound
Visit Cornwall
Visit Kent
Visit Wiltshire
Visitor Attractions Group
Welcome to Yorkshire

Observers

CBI
Local Government Association
VisitEngland
VisitBritain

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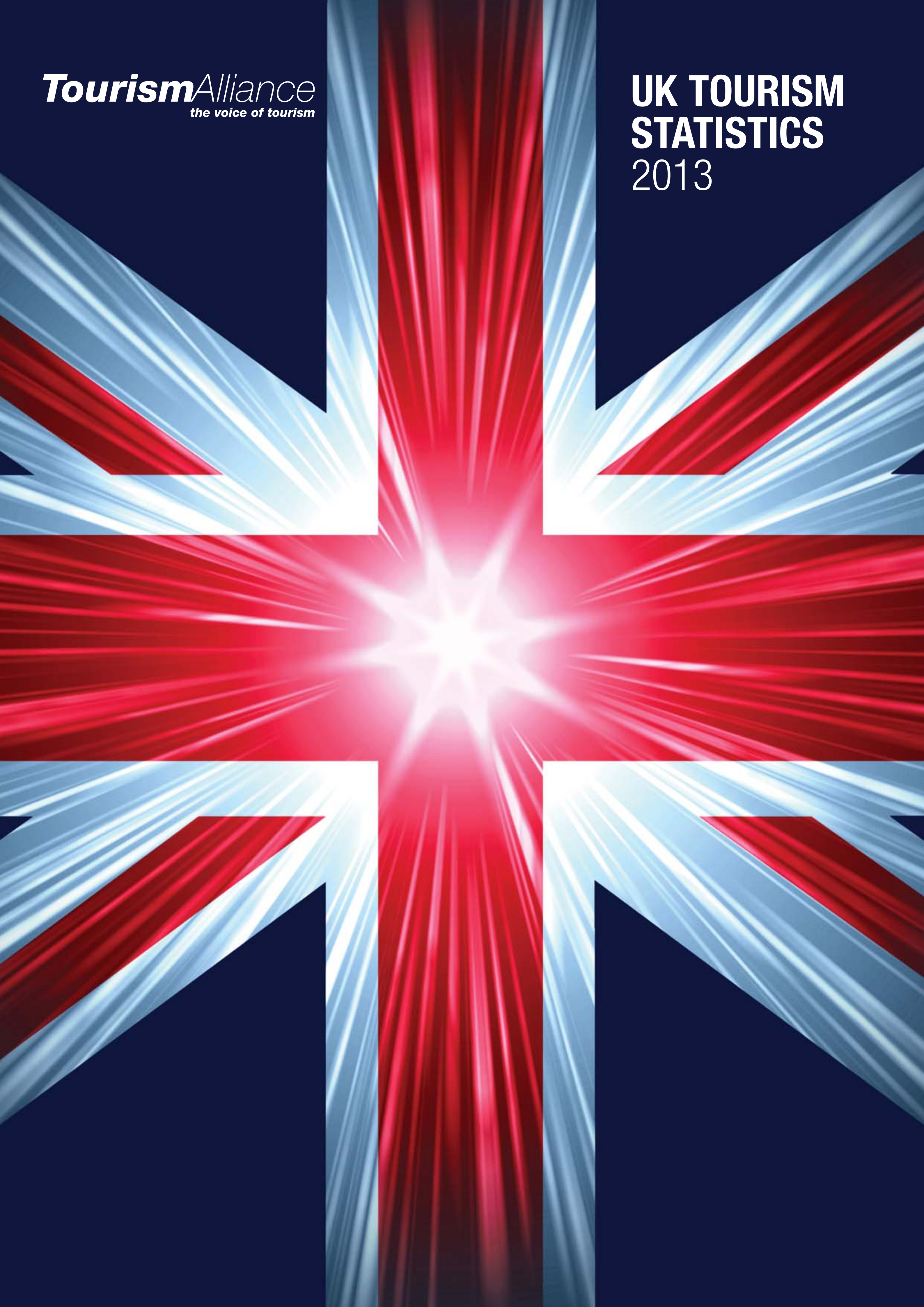
TourismAlliance
the voice of tourism

UK TOURISM STATISTICS 2013



Backing Tourism is Backing Growth

As the global economic downturn enters its sixth year, the fundamental issue facing governments around the world is how to stimulate economic growth and increase employment.

Surprisingly, for some at least, one of the easiest ways of achieving this is to support the tourism sector.

While GDP in most developed countries has declined and wages have not kept pace with inflation, putting significant pressure on disposable incomes, our collective desire to take holidays remains undiminished. According to the United Nations World Tourism Organisation, global tourism grew by 4% in 2012 to reach 1.035 billion international visits and expenditure of over US $1 trillion. While the strongest growth was from developing markets in Asia, travel from the developed economies still grew by a robust 3.6%, and is forecast to grow at a similar rate in 2013. This highlights the fact that travel and tourism is no longer regarded as a discretionary luxury product – it is an essential of modern life.

And, in the UK, tourism is something that we are extremely good at.

Despite being an small island nation with a sometimes fickle climate, we are the 7th most popular destination in the world. London is the most popular destination city in the world, Heathrow is the world's largest international airport, the world's largest hotel group is British and the world's second largest leisure and entertainment group is British. And one does not have to look any further than the 2012 Olympic and Paralympics Games to see that we know how to stage events that can engage and inspire a global audience.

It therefore comes as no surprise that the World Economic Forum (WEF), in their new biennial review of global travel and tourism competitiveness, now ranks the UK as the 5th most competitive tourism destination in the world – up from 7th in 2011 and 11th in 2009.

This improvement in our ranking is reflected in tourism expenditure in the UK, which increased by 6.9% to a staggering £134bn in 2012. This £9bn increase in revenue over 2011 is enough to generate 180,000 new jobs for the UK economy – over a third of all additional jobs created in the UK last year.

Yet we cannot rest on our laurels. Within the WEF report lie serious issues that require the Government's immediate attention if we are to maximise our contribution to the UK's economic recovery. The 360% increase in Air Passenger Duty over the last five years means we now rank 139th of 139 countries in terms of airport charges. Combine this with high VAT and fuel duty rates, and we are 138th overall in terms of price competitiveness. Meanwhile ongoing issues associated with visa processing have seen us fall from 22nd to 46th on this measure.

In addition, at a domestic level, the main area of growth has been in day-visits as people look at ways of cutting costs, meaning that some sectors of the industry are struggling.

Nevertheless, as the statistics in this publication clearly show – backing tourism is backing growth.

Michael Hirst OBE

Chairman
Tourism Alliance

SECTION 1: Volume and Value of the UK Tourism Industry

1: The Value of Tourism

Value of Tourism to the UK Economy

£68bn GVA (2009)

5.4% of UK GVA

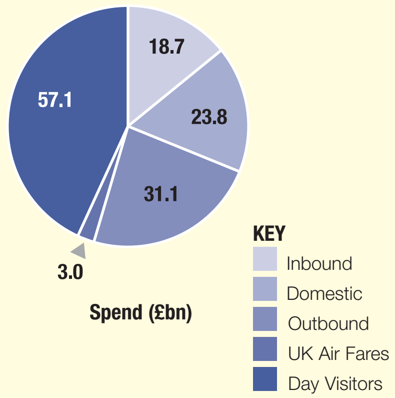
Supply Side of Tourism Report,
Office for National Statistics, 2012

Total Revenue from Tourists

2011: £125bn

2012: £134bn

6.9% increase



The UK's Tourism Industry's International Ranking

- **The UK is the seventh largest international tourism destination ranked by visitor numbers.**

  The first six destinations are France, USA, China, Spain, Italy and Turkey.

  UNWTO, 2012

- **The UK is the seventh largest international tourism destination ranked by visitor expenditure.**

  The first six destinations are USA, Spain, France, China, Italy and Germany.

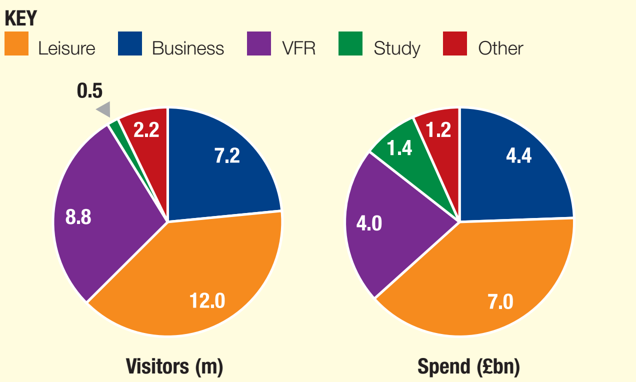
  UNWTO, 2012

- **The UK accounts for 3.0% of global international tourism**.

  UNWTO, 2012

2: Inbound Tourism

Visitor Numbers and Total Spend by Sector – 2011



International Passenger Survey, Office for National Statistics, 2012

Top 10 Source Markets

	Spend (£m)	Rank
United States of America	2,362	1
Germany	1,252	2
France	1,158	3
Australia	1,015	4
Irish Republic	865	5
Spain	841	6
Italy	792	7
Netherlands	624	8
Norway	523	9
Canada	512	10

International Passenger Survey, ONS, 2013

Average spend per visit

£601

International Passenger Survey, Office for National Statistics, 2013

Average length of stay

7.6 nights

International Passenger Survey, Office for National Statistics, 2013

Students

£14 billion

Total spending by international students* on all types of course in the UK, from English language to doctoral degrees, was estimated to be **£14 billion**, with the potential to grow to **£25 billion** by 2020.

Estimating the Value to the UK of Education Exports,
Department for Business, Innovation and Skills, June 2011

*Not all students are classified as tourists

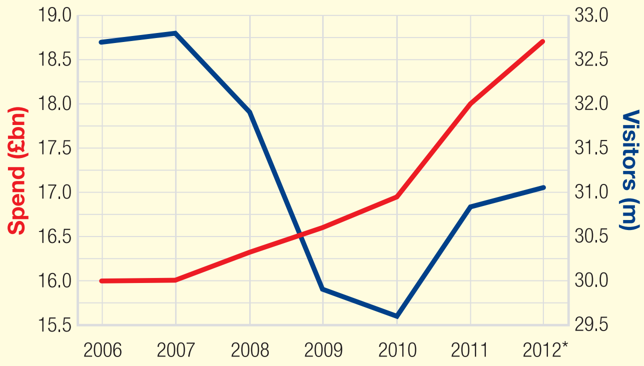
2: Inbound Tourism continued

Growing and Declining Markets

Largest Increase		Largest Decline	
Argentina	+29%	**Greece**	-27%
China	+24%	**Finland**	-10%
Hungary	+23%	**Malaysia**	-9%
Singapore	+19%	**Australia**	-7%
Thailand	+19%	**New Zealand**	-6%
Poland	+17%	**Brazil**	-6%
South Korea	+12%	**Spain**	-6%
Czech Republic	+12%	**Ireland**	-5%
Belgium	+11%	**Hong Kong**	-5%
South Africa	+11%	**Netherlands**	-4%

International Passenger Survey, ONS, 2013

Visitor Numbers and Total Spend

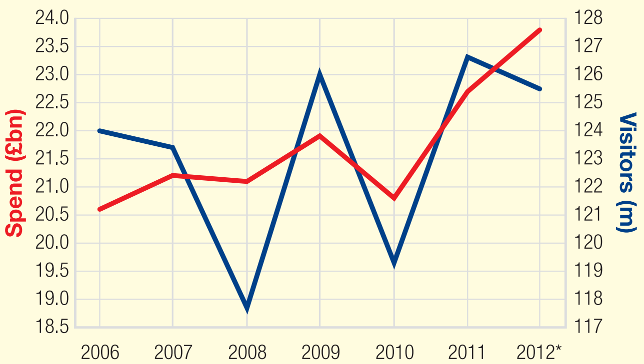


International Passenger Survey, Office for National Statistics, 2013

*Provisional results

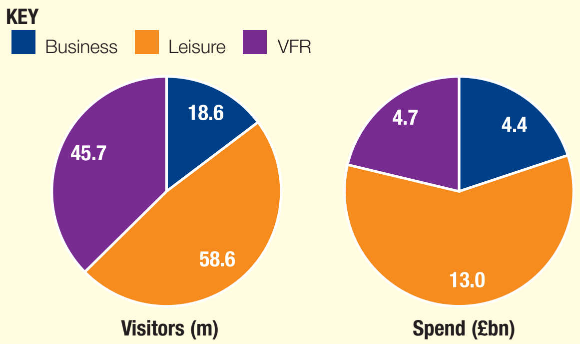
3: Domestic Tourism

Visitor numbers and total spend



GB Tourism Survey, VisitEngland, 2013. * Estimated

Visitor Numbers and Total Spend by Sector – 2011



GB Tourism Survey, VisitEngland, 2012

Average length of stay

3.0 nights

GBTS, VisitEngland, 2012

Average spend per visit

£179

GBTS, VisitEngland, 2012

Domestic Tourism by Region

	2010 Trips (m)	2011 Trips (m)	change	2010 Spend (£m)	2011 Spend (£m)	change
West Midlands	7.88	8.21	+5%	1,078	1,111	+5%
East of England	8.88	10.32	+17%	1,306	1,475	+15%
East Midlands	7.69	9.00	+17%	1,029	1,317	+29%
London	11.58	11.09	-2%	2,515	2,398	-1%
North West	12.52	13.99	+14%	2,260	2,549	+18%
North East	3.59	4.30	+21%	627	717	+17%
South East	16.37	16.94	+4%	2,232	2,571	+17%
South West	19.22	20.22	+5%	3,606	4,023	+12%
Yorkshire & Humberside	10.04	11.61	+16%	1,478	1,663	+15%
Scotland	12.37	13.4	+11%	2,628	3,018	+20%
Wales	8.9	9.7	+12%	1,450	1,734	+21%

GBTS, VisitEngland, 2012

3: Domestic Tourism continued

Activities Undertaken on Domestic Trips

Activity	Trips (m)
Just relaxing	25.01
Site-seeing on foot	22.93
Short walk/ Stroll – up to 2 miles/ 1 hour	21.83
Site-seeing by car	14.73
Long walk, hike or ramble (min of 2 miles/ 1 hour)	14.27
Visiting beach	12.10
Centre based walking (i.e. around a city/ town centre)	9.58
Attending a special event of a personal nature such as a wedding, graduation, christening, etc	6.40
Visiting a country park	6.15
Visiting a museum	6.11
Swimming (indoors or outdoors)	5.67

4: Outbound Tourism

Outbound Tourism Expenditure

Product / service category	Expenditure (£m)
Alcoholic beverages	900
Tobacco products	865
Wearing apparel	1,629
Leather & related products	230
Computer, electronic & optical products	759
Other manufactured goods	529
Retail trade services	-
Rail transport services	590
Land transport services (excl. rail)	1,783
Water transport services	526
Air transport services	14,458
Accommodation services	518
Food & beverage serving services	564
Publishing services	543
Financial services (excl. insurance and pension funding)	3,014
Insurance, reinsurance & pension funding services	310
Travel agency, tour operator & other reservation services	1,661
Public administration & defence services	795
Creative, arts & entertainment services	1,524
Total	**31,171**

Tourism Satellite Accounts 2009, Office for National Statistics, 2012

5: Day Visitors

Day Visitors

	Visits (m)	Spend (£bn)
All visits	1712	57.1
Visits to		
Large town/city	43%	47%
Small town	25%	20%
Countryside/village	28%	20%
Seaside coast	10%	12%

Day Visitor Survey, VisitEngland, 2012 and 2013

6: Tourism Economics

Price Elasticity of Tourism

- For every **1% increase** in the cost of visiting the UK, the UK's tourism earnings **drop by 1.3%**.

Sensitive Tourists, BTA, 2001

Government Funding of Tourism

	2001	2011	Increase
UK	£48.0m	£35.9m	-25%
Australia	A$90.0	A$141.5	+57%
Ireland	56.3m euro	151m euro	+168%
France	23.0m euro	39.5m euro	+72%
Spain	67.2m euro	85.0m euro	+26%
Germany	30.4m euro	27.4m euro	-10%

Tourism Export Earnings

- In 2011 travel expenditure by non-residents visiting the UK accounted for **11.3% of UK service sector exports and 4.4% of total UK exports.**

The Pink Book, HM Treasury, 2012

- **Tourism is the UK's sixth largest export earner**, after Chemicals, Financial Services, Intermediate Manufactured Goods, Capital Goods, and Transportation.

The Pink Book, HM Treasury, 2012

Tourism Taxation

Air Passenger Duty	**£2.8bn**
VAT (estimate)	**£22bn**

APD bulletin HMRC, 2013

- World Economic Forum's 2013 study on international competitiveness shows that because of high tourism related taxes the **UK now ranks 138th out of 140 countries in terms of price competitiveness.**

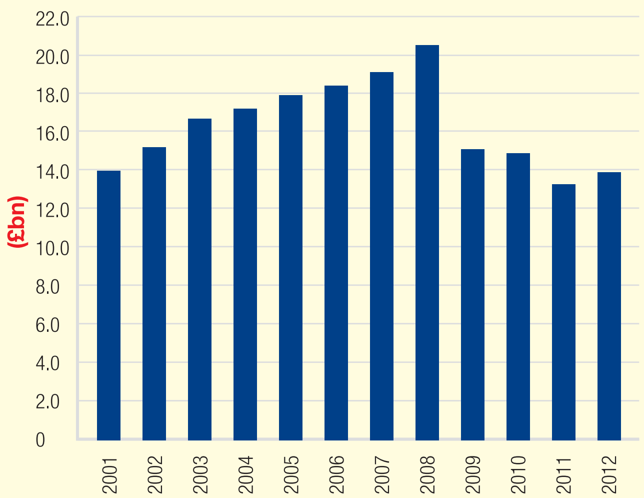
The Travel and Tourism Competitiveness Report, WEF, 2013

Total UK Tourism Spend by Sector

Sector	Spend (£m)
Accommodation services for visitors	12,845
Food and beverage serving services	27,358
Railway passenger transport services	3,707
Road passenger transport services	2,666
Water passenger transport services	992
Air passenger transport services	15,720
Transport equipment rental services	758
Travel agencies & other reservation services	2,142
Cultural services	5,175
Sport and recreation services	3,035
Exhibitions & Conferences services	415
Other consumption products	35,397

Tourism Satellite Accounts 2009, Office for National Statistics, 2012

UK Tourism Deficit



International Passenger Survey, Office for National Statistics, 2013

7: Tourism Employment

- The UK tourism industry employs **2.72m people** (2011).
- The sector is the **UK's third largest employer**, accounting for 9.1% of total employment.
- There are **249,000 tourism businesses in the UK**
- Tourism businesses account for **9.8% of all businesses in the UK.**
- Tourism accounts for **17% of all part-time employment in the UK.**

The Geography of Tourism Employment, Office for National Statistics, 2012

- **Over 80% of tourism and hospitality industry businesses employ fewer than 10 people.**
- The sector is a significant incubator for entrepreneurs – despite the economic downturn there were **21,540 businesses start-up in the sector in 2011**.
- The sector is a significant source of employment for those unable to work full-time – **47% of the sector's workforce is part time**.
- The sector is a large employer of school leavers and young people – **44% of people employed in the sector are under the age of 30** compared to the national average of 24%.
- **Turnover rates in the sector have declined significantly to 19%**.
- **Almost 80% of people working in the sector are British**.

State of the Nation Report, People 1st, 2013

- **A new Full Time Equivalent tourism job** is created and sustained with **every £50,000 increase in tourism revenue.**

Based on Employment Generated by Tourism in Britain, VisitBritain, 2002

Tourism Businesses by Sector

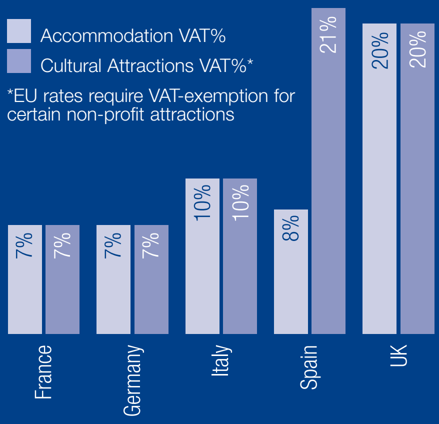
	2011
Accommodation services for visitors	19,255
Food and beverage serving services	143,805
Railway passenger transport services	935
Road passenger transport services	10,205
Water passenger transport services	805
Air passenger transport services	955
Transport equipment rental services	4,120
Travel agencies & other reservation services	10,470
Cultural services	31,115
Sport and recreation services	24,215
Exhibitions & Conferences services	3,345
Total	**249,225**

The Geography of Tourism Employment, Office for National Statistics, 2012

SECTION 2: Policy Related Statistics

VAT

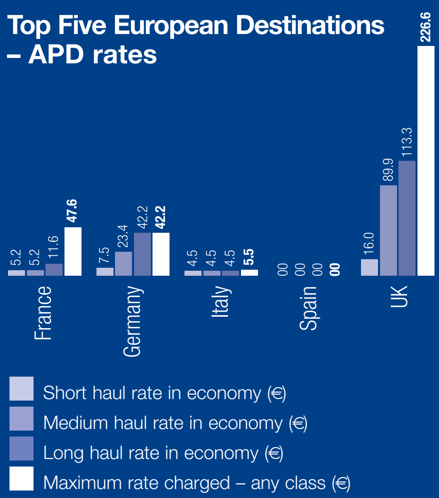
Top Five European Destinations – VAT rates



- Of the 27 EU countries, the UK is one of only four that charge the full rate of VAT on tourism accommodation (the others being Denmark, which has no reduced rates of VAT, Lithuania and Slovakia.
- The average VAT rate for accommodation in the other European countries is 10.5%.
- The UK is one of only 14 EU countries (half of all countries) that apply full rate VAT on restaurant meals. The average for the rest of the EU is 15%.
- The UK is one of only 14 EU countries that apply full rate VAT on admissions to amusement parks.
- The UK is one of only 8 countries that applies full rate VAT on admissions to cultural attractions.
- Modelling using the Treasury's own Computable General Equilibrium Model and research by Deloitte and others shows that reducing VAT to 5% would:
  - Boost GDP by £4bn per annum
  - Create 80,000 jobs within 3 years
  - Deliver £2,6bn to the Treasury over 10 years

Air Passenger Duty

Top Five European Destinations – APD rates

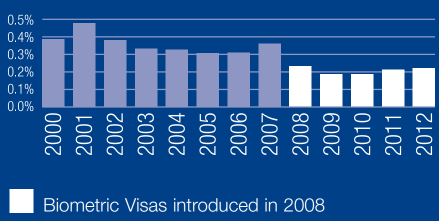


- A family of four from China or Indian pays £324 in APD to add the UK to their European itinerary.
- A couple from Australia pays £368 in APD to fly premium economy to the UK.
- The Government collects £2.8bn per annum from passengers through APD.
- Since 2007, APD has increased by up to 360%.
- Recent research by PricewaterhouseCoopers on the impact of abolishing APD showed that this would:
  - Boost UK GDP by at least £16 billion in the first three years
  - Create almost 60,000 extra jobs in the UK
  - Generate an additional £500m in the first year through increased revenue from other taxation

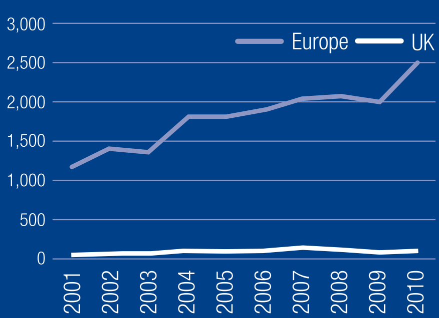
The Economic Impact of Air Passenger Duty, PwC, 2013

Visas

UK Market Share of Chinese Tourists (%)



UK vs Europe – Increase in Chinese visitors



- A UK short stay visa costs £80, compared to around £53 for a Schengen visa, which allows visitors access to 25 countries.
- A family of four from Indian or China have to pay a total of £624 in APD and Visa charges to travel to the UK.
- Visitors from visa-requiring nations account for around 11% of all visitors to the UK (3.4m), they generate around £3bn in revenue for the UK (19% of the total) due to their high spend per trip (£866 per person vs the average of £512 per person).
- When the requirement for Taiwanese visitors to obtain a visa to visit the UK was removed in April 2009, visitor numbers grew by 39% and revenue from Taiwanese visitors increased by 155% (£45m).
- When the requirement for South African visitors to obtain a visa to visit the UK was introduced in April 2009, visitor numbers have declined by 24% and revenue has decreased by 15% (£38m).
- The UK's market share of Chinese, Indian and Russian outbound tourism has fallen by an average of 35% since the introduction of biometric visas in 2008
- The number of Chinese visitors to the UK has increased by just 42,000 since 2007. Total Chinese outbound has grown by 42,000,000 over this period.