INTERNATIONAL TRADE ADMINISTRATION

The U.K. Travel Market

Update to the Visit USA Committee –United Kingdom

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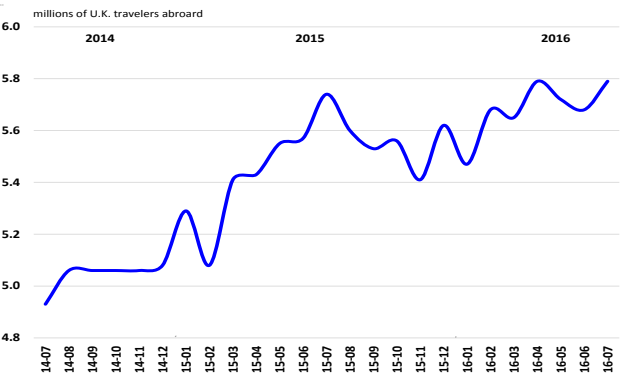
Top Arrivals and Visitor Spending Markets

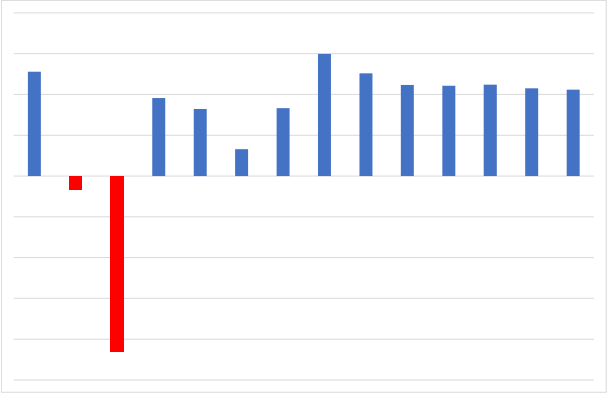
	2015 Arrivals (millions)	15/14		2015 Spending (billions)	15/14
Canada	20.70	-10.0%	China	$30.11	14.7%
Mexico	18.41	7.9%	Canada	$22.63	-13.1%
United Kingdom	4.90	18.1%	Mexico	$19.68	4.3%
Japan	3.76	3.8%	Japan	$16.88	0.6%
China	2.59	18.3%	Brazil	$14.61	1.5%
Germany	2.27	10.5%	United Kingdom	$16.13	11.9%
Brazil	2.22	-2.0%	India	$11.81	17.6%
South Korea	1.76	20.9%	South Korea	$ 8.13	9.7%
France	1.75	5.7%	Germany	$ 8.87	7.8%
Australia	1.45	11.2%	France	$ 6.46	5.5%

Your Side of the Pond…



U.K. outbound volume

- Strong growth trend from July 2014 through July 2016 (seasonally adjusted data).
- Volume up 6% YTD; up 7% 12-month moving average in July 2016. Strong growth to USA in 2014 and 2015.

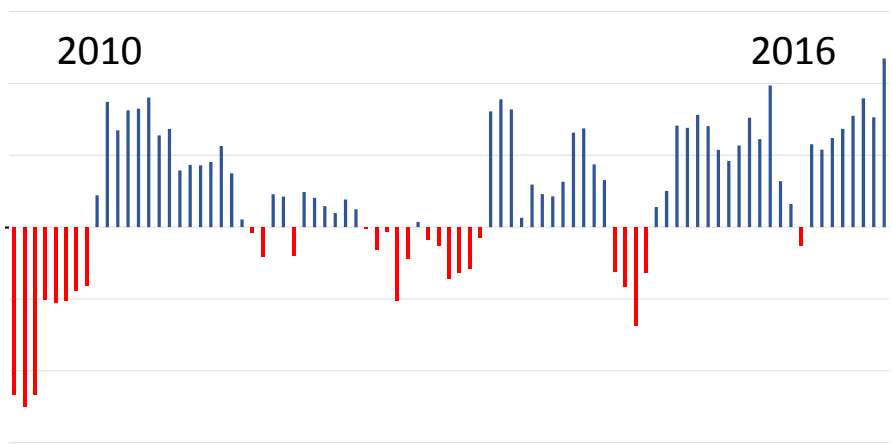


U.K. economics

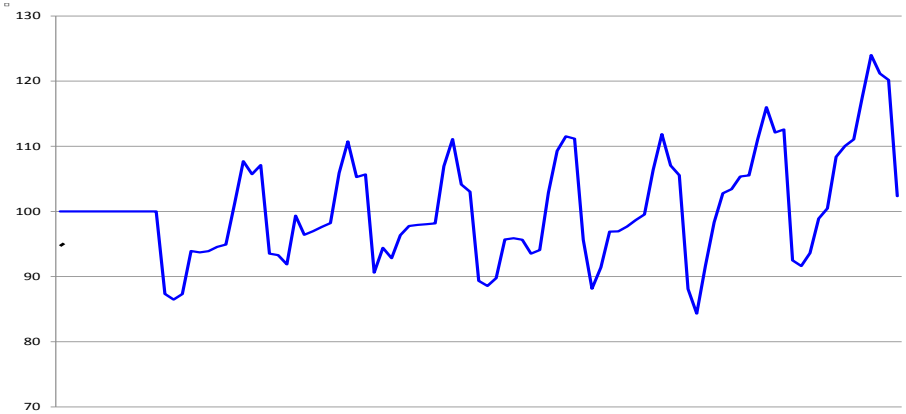
- GDP on upward trend of year-over-year quarterly changes…2.3% in 2016 Q3. But…
- …growth expected to soften over next quarers and remain below 2%.

Air Seat Capacity from the U.K.

from all U.K. PODs to any U.S. POE.
Includes all air travelers regardless of country of residence

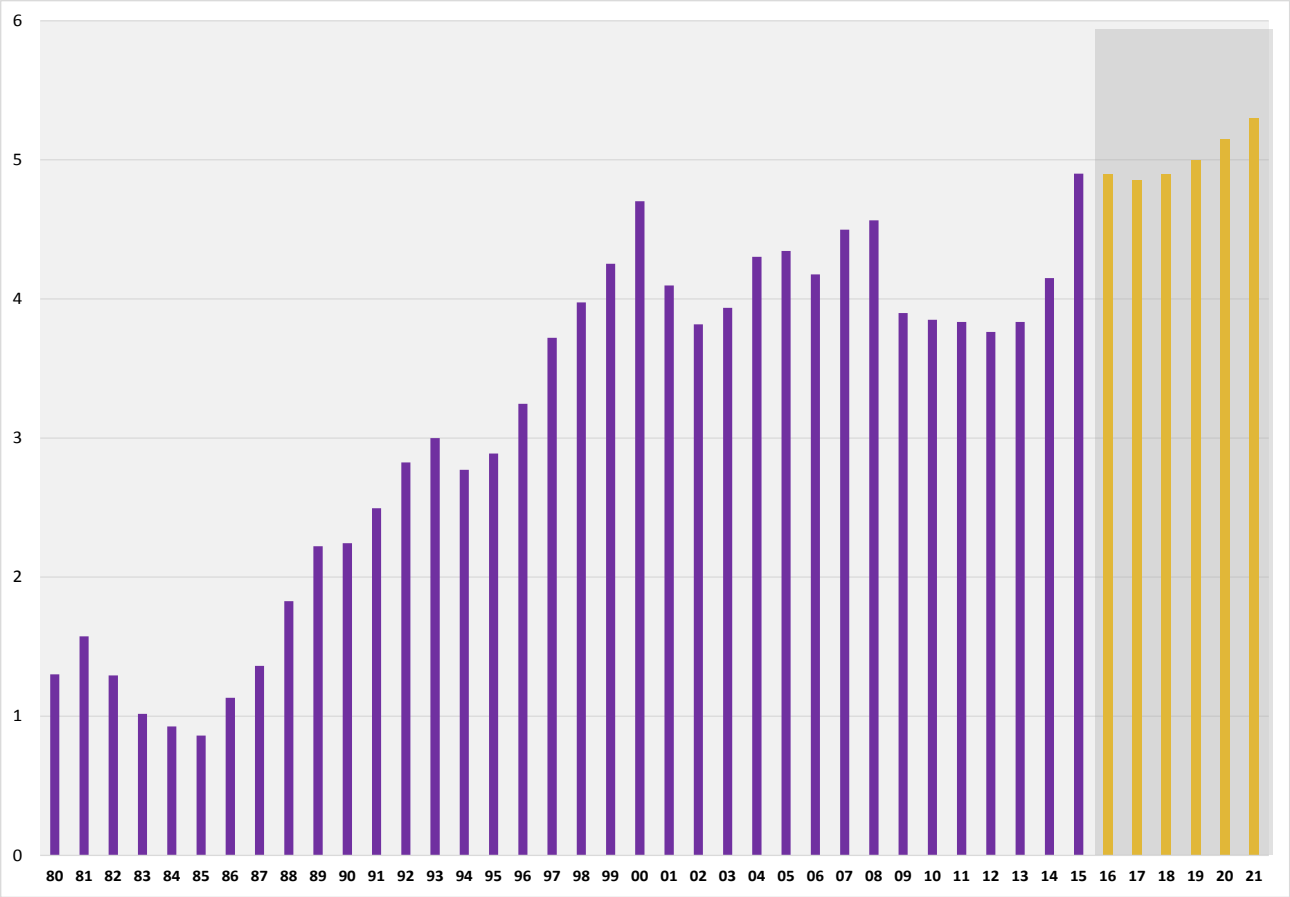


- Monthly % change in seats since beginning of 2010 (month vs same previous year)
  - Steep declines well after recession.
  - 2016 strong growth except for late spring.



- Same data indexed to 2009=100
  (month vs same month previous year)
  - Seasonality of seats is obvious
  - Black trend line would be much flatter if not for 2016 growth.

Our Side of the Pond…



U.K. inbound volume to USA

- 4.9M in 2015 a new record surpassing 2000.
- NTTO 2016 Fall Travel Forecast expects flat volume in 2016 and 2017, and small annual growth beginning in 2018.
- China to become #1 overseas market by end of 2021.

Additional Insights on the U.K. Market

- From the *Marketing Outlook Forum* annual conference two weeks ago;
- U.K. may grow in volume, but not $$$ proportionally
  - Package travel likely to increase, at least as a proportion of travel parties
  - Shifting in destinations, number of hotel stars, stay length, bringing children
- Market characterized somewhere between…
  - …maintain presence—find niches and pockets of opportunity
  - …push.push.push—take advantage of marketing slack from other countries and competition.

Key Travel Characteristics of U.K. Visitors

(2015 and trending)

- Main Trip Purpose
  - Vacation/Holiday 66% ties 2014 as the highest proportion over 1997-2015.
  - 2015 volume of 3.2M is a record level.

  - VFR 17% isn't the low or high and no clear trending pattern
  - Volume of 907K is a record level.

  - Business 9.1% is the lowest proportion over 1997-2015.
  - 2015 volume of 534K is less than half of record level of 2007 when business was 22%.

  - Convention/Conference volume of 294K is a record level.

Key Travel Characteristics of U.K. Visitors

(2015 and trending)

- Info sources—airlines directly (53%), OTA (35%), travel agency ofc (17%).
- Advance trip decision—median up to 100 days, but mean is 146 days in advance and continues to rise due to higher share of those planning 6+ months out. Same trend for airline booking.
- Package—17%. No clear trend but lowest % in years. Ranges from 15%-25%. Advance package purchase increasing. Median is 5 months out.
- Party size—1.8 persons, up a bit due to children %. % with children back up to 12%.
- Accommodations— 80% use hotel/motel. Stable trend.
- Nights in USA—mean 14 / median 10. Stable trend.

Key Travel Characteristics of U.K. Visitors

(2015 and trending)

- Cities visited
  - 27.5% NYC — close to the high of 29.1 (2008, 2013)
  - 21.0% Orlando — trending down for a decade, but up in 2015 (are you connecting the dots (children; ADP)
  - 10.7% Las Vegas — stable for several years (down from 2010 high of 12.3%)
  - 8.3% Los Angeles — up from low point of 6.7% in 2007
  - 8.3% San Francisco — one of lowest levels since 1997 (peak of 10.3% in 1998, 2006)

  - 5.9% Miami — 2013 share was a low 3.1% (2014 % highest since 2005 6.6% peak)
  - 4.4% Boston — no clear trending (down from 1997 peak of 7.4%)
  - 3.9% Chicago — reversed the downward trend (5.3% peak in 2008)
  - 2.3% Houston — down from 2013 peak share of 3.2%
  - 2.5% Tampa/St Pet. — stable past several years (down from late 90s)

  - # Destinations visited—75% one state only. Multi-year upward trend suspended.

Key Points

- New volume record in 2015; more to come…in a few years;
- Growth had been driven by the leisure segment, but more balanced growth in 2015;
- China to surpass U.K. as #1 overseas market by end of 2021;
- Use of package travel down, but advance planning for purchase continues to go up. Consistent with trip planning overall;
- (slightly) larger parties, more children;
- BUSA mandated to spread benefits across U.S.;
- Single-state visitation is stable;
- U.S. government committed to a quality visitor experience.

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