

UNITED KINGDOM MARKET PROFILE

The Demographics

- In 2003 the UK was home to 59.6 million people – 13% of the total population of the European Union (EU).
- Average population density was 246 per sq. km (ranging from 65 people per sq. km in Scotland to 383 people per sq. km in England).
- The 2003 population breakdown by country was:
 - England 49,855,700 (84 per cent of the total UK population);
 - Scotland 5,057,400 (8 per cent);
 - Wales 2,938,000 (5 per cent); and,
 - Northern Ireland 1,702,600 (3 per cent)
- The population of the UK is expected to increase to 65 million by 2050 before beginning a gradual decline.
- The UK has an ageing population – average age in 2003 was 38.4 years (increased life expectancy and lower fertility rates).
- In 2003 one in five people in the UK were aged under 16 and one in six people were aged 65 or over.
- Ethnically diverse population through immigration and asylum seekers.
- About 8% of the population (2001 census) described themselves as belonging to a minority ethnic group. Of these 50% identified themselves as Asian or Asian British (e.g., Indian, Pakistani, Bangladeshi), 25% as Black or Black British, 15% as “mixed,” 5% as Chinese and 5% as “other.”
- In 2003 the main immigrant sources were Asia, Africa, Europe and the Americas.
- About 75 per cent of the population is in the labour force.
- Full-time, part-time and temporary workers are guaranteed a minimum of four weeks’ annual paid leave.
- About 79% of the labour force is employed in service industries including public administration, education & health (24%), distribution, hotels & restaurants (23%), and finance and business administration (19%).
- The UK is one of the most entrepreneurial countries in the world and ahead of Germany, France and Italy, according to research published by Global Entrepreneurship Monitor (GEM) 2004.
- Key findings from the report are:
 - The UK has an entrepreneurial rate which is higher than Germany, Japan, Italy and France, but lower than the US and Canada.
 - The proportion of people expecting to start a business over the next 3 years has increased significantly from 7.8% of the population in 2002 to 9.5% in 2004.
 - The North-South enterprise divide is narrowing. The gap between the most and least entrepreneurial regions is lower than ever.
 - Levels of entrepreneurial activity amongst students increased from 0.9% in 2003 to 2.3% in 2004. Female students are more likely to be engaged in entrepreneurial activity than male students.
 - The research also shows that ethnic minorities make a large and important contribution to the success of the UK economy. Entrepreneurial activity amongst most ethnic minority groups is substantially higher than for white people.
- Leisure activities and services have replaced the mortgage as the main item of household expenditure.
- Spending priorities have changed – a good holiday is top of the list of spending intentions.
- Out of home leisure spending now accounts for 25% of household expenditure.

The Economy

- The UK has the 4th largest GDP (2003) in the world and is one of the quartet of Western Europe trillion dollar economies.
- The UK economy grew for the 12th straight year in 2004.
- GDP growth in 2004 was 3.1% and is expected to grow by 2.7% in 2005.
- Service industries, particularly banking, insurance and business services account for the largest proportion of GDP.
- Inflation, interest rates, and unemployment remain low while wages and salaries are rising ahead of inflation.
- Consumer confidence is quite healthy – household wealth remains very high by historic standards.
- Consuming spending is expected to grow by 2.2% in 2005 and 2.4% in 2006.
- However, there are substantial differences between living standards in different parts of the country – for example, gross value added per worker in the North East is still around a third lower than in London and the South East, while per capita incomes in Yorkshire & Humberside and the East Midlands are around 25% lower.
- The same is true for unemployment – substantial parts of the North and Midlands have ‘true’ unemployment rates (including the long-term sick and those on government schemes) over 10% (and in some cases over 20%).

World Wide Outbound Travel Trends

- UK residents made 61.4 million visits abroad in 2003, up from 53.9 million in 1999.
- The majority of the visits abroad were holiday trips (41.2 million) followed by visits to friends or relatives (8.5 million), business trips (7.9 million) and miscellaneous (3.8 million).
- About half (47%) of holiday trips abroad in 2003 were package holidays.
- From 1999-2003, holiday travel showed strong growth, increasing on average 4% each year.
- The holiday market is expected to grow 5% each year in 2005-2007.
- From 1999-2003 outbound visits grew to every region in the world except for North America (results of 9/11).
- The majority of outbound travel occurs in the third quarter – about 33% in 2003 – this is because of the large volume of holiday trips.
- Season variation by purpose of trip is less prominent for business trips followed by visits to friends or relatives.
- In 2003, EU Europe accounted for 73% of all outbound visits.
- The most popular countries visited were Spain, France, Irish Republic and the USA.
- The majority of visits to Spain, France and the USA are for holiday reasons, while a much larger proportion of visits to the Irish Republic are visits to friends or relatives.
- Spain is also UK residents’ favourite holiday destination (since 1994). Nine of the top 10 holiday destinations in 2003 were in EU Europe – the USA was the only exception with 5% of all holidays.
- The most popular destinations for business travel are Germany and France.
- The majority of outbound visits were made by people aged 25-54 years.
- London is a major outbound market: in 2003, 19% of all overseas visits were made by Londoners compared to only 10% by residents of Scotland and Wales combined. The remaining 70% were made by residents of England who lived outside London.
- Of the 61.4 million trips, about 9.3 million (14%) were considered long-haul.
- The USA will continue to be the number one long-haul destination but growth is forecast for Australia, New Zealand, Far East, Africa and the Middle East.
- On average, UK residents spent 10 nights away (1999-2003).

- Demand for shorter breaks is growing – since 2000 demand for long-haul travel has decreased with more low-cost carriers opening up more European routes.
- Travel trends include:
 - Packaging – a change toward modular, party packaged holidays, customized holidays and dynamic packaging instead of traditional package holidays;
 - Ocean cruising;
 - Short-haul cruising;
 - Short breaks (particularly Eastern and Central Europe);
 - Focus on ‘experience’ and ‘authenticity’ rather than ‘destination’;
 - Closeness to nature and local culture – trips to places ‘off the beaten track;”
 - Less spending on transportation but more on activities and experiences at the destination; and,
 - Cities becoming hubs for rural tourism visits.
- Tourism patterns are changing – more experienced and more demanding with more time and money available to spend on tourism.
- Consumers are looking for reliable quality and value for money, together with instant and easy access to information and booking.
- Aging population – ‘grey market’ – offers very good potential – tend to spend more on leisure activities; interested in new, safe, yet demanding experiences.
- Travel trends indicate the move away from mass, cheap package holidays to build-your-own inclusive packages.
- Special interest tourism is on the rise. Changing consumer preferences – moving away from ‘sun and fun’ mass destination holidays due to pollution, overcrowding, and health issues – to more environmentally sensitive, knowledge building holidays.
- Growth in the UK market tends to be with repeat holidays. At least one-third of the population takes two to three holidays per year and now some are even taking four holidays per year.
- The use of the internet for ‘booking’ travel as opposed to simply ‘looking’ has increased steadily – from January-August 2004, over 50% of UK outbound trips were booked via the internet (ETM, IPK International).
- UK outbound travellers are more likely to ‘look’ or ‘book’ air transportation followed by accommodation and car rental via the internet.

Travel to Canada (overnight trips)

	2000	2001	2002	2003	2004
Overnight person-trip	866,000	826,000	721,000	691,000	824,800
Canada’s market share	7.5%	8.8%	7.8%	7.6%	n/a
Nights (‘000)	9,324	10,092	9,371	8,961	n/a
Spending (\$M)	1,004	1,026	993	845	n/a
Spending per trip (\$)	1,159	1,242	1,377	1,223	n/a

- The UK is Canada’s most important overseas market both in terms of visitation and spending.
- Canada’s market share has decreased significantly from 1996 (10.5%) because of three factors:
 - Travelling to other destinations (the increase in Canada’s visitor numbers has fallen substantially behind the general increase in numbers travelling to other long-haul destinations);
 - Increased competition (mainly from the US and Asia); and,
 - Growing trend toward shorter trips.

- In 2003, British visitors stayed on average 13 nights in Canada.
- While in Canada, UK visitors do not spend a lot on souvenirs/shopping (about 13%) compared to 19% for accommodation and 15% on food and beverage.
- Over 56% of British visitors to Canada are 45 years or older.
- The UK VFR market to Canada is eroding – family ties are lessening – and pure holiday (pleasure) trips are increasing.
- The most popular destinations within Canada are Ontario, British Columbia and Alberta.
- The majority of travel to Canada still occurs in the 3rd quarter, though since 1994, a shift has occurred from the 3rd quarter to the 1st quarter – predominantly downhill skiing.
- The Canadian Tourism Commission has identified two target markets:
 - Western Urbanites
 - 17% of the UK long-haul market;
 - Age 45+;
 - Holiday to get away from it all – no more active on holiday than the rest of the year;
 - Like to try different locations – do not make return visits as often as other clusters;
 - Like to explore – don't stay in one place;
 - Love eating local foods; and,
 - Least likely to enjoy planning holidays.
 - Active Travellers
 - 37% of the UK long-haul market;
 - Aged between 25 and 45 – most likely to be single;
 - Physically active – do not holiday to relax;
 - “Traveller” not a “tourist” – love eating local foods, experiencing different cultures is very important; and,
 - Enjoy planning holidays BUT less likely to pre-book accommodation.

Sources

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