

Key changes in demand and supply, including market and social trends, changes in trip taking, information gathering and booking behaviour, trends in provider investment, and changes to the public-funded tourism infrastructure.

1. Social and market trends

- The UK population is ageing: 25% of the population is now 55+; 31% will be 55+ by 2021.
- Baby boomers are now empty nesters, in their 50s and 60s - this huge bulge in the population are also the people with the time and the inclination to take domestic short breaks.
- The “new seniors” are better travelled than previous generations and are more active (“60 is the new 40”!). The Henley Centre says 20% of over 60s take 3 or more holidays a year.¹
- People are having children later: families with small children are another key market for domestic leisure trips - albeit more tied to peak times. The trend towards older parents again means they have more money, are better travelled and have higher quality expectations than previous generations of parents with young children.
- People in the UK are increasingly “middle-class”, with higher quality expectations than in the past.
- According to Henley, increasing affluence means “People can afford to look beyond material necessities and consider what *experiences* they want out of their lives”. Travel can fulfill this need and this impacts on the way that travel is marketed.
- People are increasingly conscious of the environmental impact of their consumer choices: “green” is becoming mainstream, and “green credentials” could be a significant selling point for domestic destinations.
- This translates into growth in outdoor pursuits including camping and caravanning - with new, upmarket equipment (eg Cath Kidston tents) and sites for “cool campers”, plus eco options for green consumers.
- However, there is increasing competition for leisure spend: shopping has become a leisure pastime, with increasing opportunities (as well as encouragement) to shop, in-home entertainment (from satellite/cable TV to home cinemas, computer games and online activities) has become big business, eating out is now a regular leisure activity for many more people.
- And there is increasing competition in the travel world: cheap flights and the strong pound continue to fuel outbound tourism, while the emergence of the UK metropolitan cities as successful shortbreak destinations has impacted on historic cities, towns and rural destinations.

¹ But NB for longer-term planning: with the pensions crisis looming, and people waiting till their 30s and 40s to start a family, some commentators question whether new retirees in 15 years’ time will have the same levels of disposable income as 60 year olds today.

- While numbers of inbound tourists continue to increase, average spend per trip has dropped significantly. Increasing numbers come from lower-spending markets such as Eastern Europe, while numbers from the much-higher-spending USA have dropped, especially since 2001.
- Conferences are getting shorter, but delegate numbers and conference budgets are increasing.

2. Buying behaviour trends

- The increase in short breaks and decline of longer domestic holiday continues: the latest UKTS findings show two out of three domestic holidays are now short breaks.
- 50% of UK residents have 2 or more holidays a year - but outbound spend continues to grow faster than inbound.
- The internet is now a mainstream way to find travel information - over 60% of people in the UK are online. Only 10% of travel bookings are currently made online, but that is expected to grow to 50% within the next 10 years.
- British over-50s are booking travel online more than their younger counterparts - 86% of British surfers over 50 have visited a travel site in the last year
- Lead times continue to shorten - online travel info and booking is helping this trend towards last minute and impulse buys
- Empowered by access to comparative prices and great deals on the internet, consumers now believe that low prices are "a right, not a privilege"
- The internet is fuelling the trend towards independent and special interest travel
- Within the next 5 years, we will see 'convergence' technology revolutionise information provision (convergence of voice, text and moving images on PCs, mobiles and TVs).

3. Destination marketing trends

- Technology is now at the heart of marketing, and requires a significant switch in destination marketing techniques, skills and resources
- Media is much more fragmented, with hundreds of TV Channels, a proliferation of online media and 'offline' specialist magazines and newspaper supplements, the rise of authoritative, branded independent guide books, sophisticated sponsorship and outdoor media techniques
- People are less likely to behave according to age and class, so segmenting the market is becoming more complex
- Consumers are more sophisticated and expect tailored and targeted communications - especially as new technology enables advances in customer relationship management

- The move towards independently planned, individual and authentic experiences means consumers are looking for much more detailed holiday-planning information and a range of differentiated experiences that can be booked online
- More sophisticated consumers makes word of mouth recommendations more important than ever before - so getting every part of the Visitor Journey right is now recognised as a key marketing objective

4. Provider investment changes / trends

- Increased globalisation and dominance of corporate brands - in the retail, catering and hospitality industries
- Visitor attractions: growth - in supply and quality - has outstripped demand in recent years (due partly to regeneration projects and National Lottery funding - partly to growth in other leisure pastimes especially shopping and eating out)
- The national museums have become free admission, which has distorted the market for independent attractions
- Significant rise in numbers of budget hotels continuing - with very high occupancies and profits - and now a new 'upmarket-tier' eg Express by Holiday Inn
- Emergence of boutique hotels able to command premium rates
- Emergence of new-style upmarket camping and caravan sites
- Traditional pubs are suffering from oversupply and falling alcohol sales: some are diversifying into food and accommodation, some are changing to target the significantly increased alcohol spend of young people
- Hospitality and tourism industry increasingly relies on migrant workers, especially from the new EU States
- Rail travel: Significant improvements in rolling stock and investment in stations.
- New licensing laws have liberalised drinking hours and given local authorities more power over licensed premises
- Business Improvement Districts are being trialled as a new way of leveraging private sector funds to regenerate areas
- Quality in Tourism has taken over the former ETC quality assessment scheme from Unicorn, and the RAC has given up its accommodation scheme. A new quality scheme is now being introduced by QiT with the AA and significant promotional backing from VisitBritain
- Numbers of attractions in the VAQAS scheme is growing, but less quickly than had been hoped. It tends to be seen as a business improvement aid, rather than a consumer marketing tool.

4. Changes to the public-funded tourism infrastructure

In 2003:

- BTA became VisitBritain, with an additional remit to market England to the UK. This new England marketing remit has since expanded to near Europe markets too.
- ETC was disbanded and its strategic role was given to England's RDAs, as well as the funding ETC formerly distributed to the RTBs.
- Southern and South East England Tourist Boards merged to form a new body - Tourism South East - partly funded by SEEDA.

Since 2003:

- Realising that there is now a policy gap in tourism following the demise of the ETC, the DCMS has extended VisitBritain's remit to include visitor information leadership. VisitBritain are currently developing a new visitor information strategy
- The RDAs have commissioned visitor economy strategies and some have set up new tourism structures, disbanding or restructuring the regional tourist boards and creating new bodies at sub-regional levels. Significant funds, including marketing funds, are being directed into these new structures - especially in the North West, North East and the East Midlands
- London has won the Olympics 2012 and the DCMS has produced a consultation paper which will lead to a 2012 Strategy that will reach further than
- People First - the tourism skills council - is producing a Tourism Skills and Workforce Development Plan - to be published December 2006. The new regional strategy was published earlier this year
- TSE is slowly devolving more power and resources to its sub-regional committees, though not to the same extent as in other regions.