

BHA Quarterly Inbound Travel Analysis

Q2 2016

Overseas spend in the UK in Q2 2016 declined by almost -1% year on year, where strong growth in the 'miscellaneous' category partially offset significant declines in spend by holiday passengers (-5.1% y/y), and business passengers (-4.3% y/y). In the first half of 2016, inbound holiday passengers have spent £218m less in the UK than in the same period in 2015, while business passengers have spent £214m less.

Fig 1: Q2 2016 year on year growth in spend from abroad – by purpose of visit

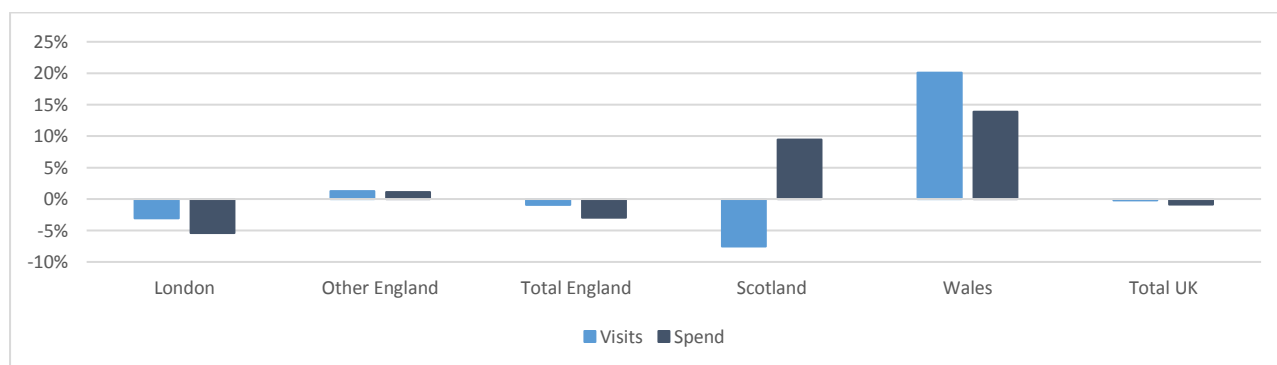
£ million	Q1 16	Q1 15	Change (£m)	Change (%)	Q2 16	Q2 15	Change (£m)	Change (%)	H1 16	H1 15	Change (£m)	Change (%)
Holiday	1,180	1,275	- 95	-7.5%	2,275	2,397	-123	-5.1%	3,454	3,672	- 218	-5.9%
Business	1,052	1,203	- 151	-12.6%	1,402	1,464	- 63	-4.3%	2,453	2,668	- 214	-8.0%
Visit friends or relatives	1,011	892	119	13.4%	1,143	1,238	- 95	-7.7%	2,155	2,130	24	1.1%
Miscellaneous	463	418	45	10.9%	941	711	230	32.4%	1,404	1,128	276	24.4%
All visits	3,712	3,794	- 82	-2.2%	5,768	5,818	- 50	-0.9%	9,480	9,612	- 132	-1.4%

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

What does this mean for the British Hospitality Sector?

- The small overall decline in overseas spend in the UK in H1 2016 is due to strong growth in 'miscellaneous' travel offsetting large declines in both business and holiday spend. Miscellaneous travel could be due to no predominant individual reason, but also includes shopping trips, which would benefit the retail sector more than the hospitality sector.
- There has been a significant reduction in spend by both holiday and business travellers in H1 16 versus H1 15. On a 2-year view, business spend is higher in H1 16 than it was in in H1 14, however holiday spend in H1 16 is £323m lower than the same period in 2014, which will likely put pressure on consumer-facing businesses
- London-based businesses have seen inbound spend decrease on both a one year and two year basis over the first half of the year
- Businesses in England ex-London have seen a significant recovery in inbound spend in Q2 16, after a very poor start to the year
- Scotland and Wales are enjoying strong growth in spend from abroad on both a one year and two year growth perspective, which should benefit tourism-based businesses in those regions

Fig 2: Q2 2016 year on year growth in overnight visits and spend from abroad – by region



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Summary:

- **Spend from abroad by purpose of visit:** Overseas spend for both holiday and business passengers is down substantially year on year in both Q2 16 and H1 16 as a whole. However, while holiday spend is down even more on a 2-year view, business spend was 9% higher in H1 16 versus H1 14.
- **Overnight visits to the UK by region:** Although London saw a decline in overnight visitor numbers in Q2 2016, every region has seen an increase in visits in H1 16 on both a one year and 2-year view, with England ex-London and Wales particularly strong.
- **Spend from abroad by region:** Spend in England ex-London returned to modest growth in Q2 16 after a decline of -13% in Q1 16. Overall, England has seen a decline in spend of -2.8% in H1 16 year on year (London -1.5%, England ex-London -4.8%) while Scotland and Wales have seen strong growth of +9.3% and +8.5% respectively.

Revisions to previous data:

- Following the Q2 review, inbound passenger numbers have been revised upwards slightly for April, May and June versus previous estimates

Fig 3: Year on year growth in overnight visits – by region

	April	May	June	Q2 growth
New growth estimate	-1.4%	0.1%	0.4%	-0.2%
Previous growth estimate	-3.0%	-1.3%	-0.6%	-1.6%
Difference	1.6%	1.5%	1.1%	1.4%

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Spend from abroad by purpose of visit

- Overseas spend for both holiday and business passengers is down substantially year on year in both Q2 16 and H1 16 as a whole. However, while holiday spend is down even more on a 2-year view, business spend was 9% higher in H1 16 versus H1 14.
- Spend by holiday passengers has been down for 5 of the past 6 quarters, and for Q1 and Q2 2016, is down -10% and -7.8% respectively versus the same period in 2014.

Fig 4: Year on year growth in spend from abroad – holiday passengers

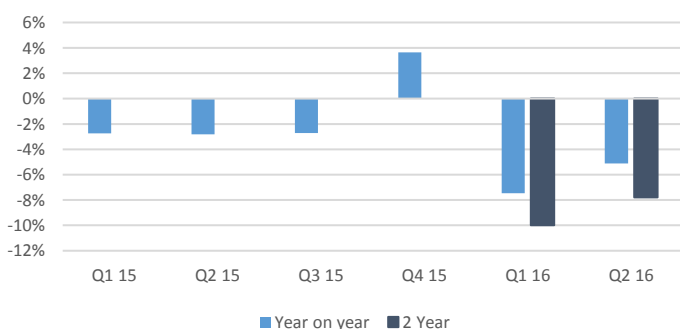
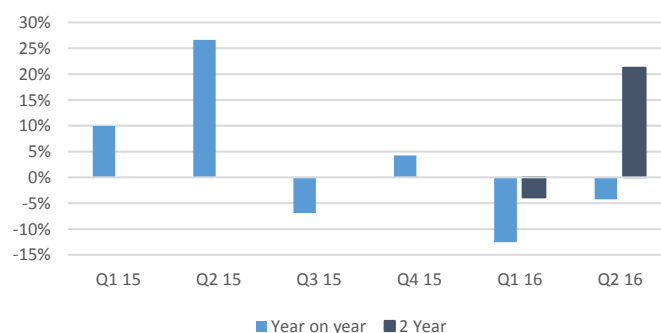


Fig 5: Year on year growth in spend from abroad – business passengers



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

- While spend by business passengers was down year on year in both Q1 and Q2 2016, the performance on a 2-year view is more encouraging. In Q2 2016, business spend was up by 21% versus Q2 2014, but down versus Q2 2015 due to exceptionally strong growth in that quarter.

Overnight visits by region

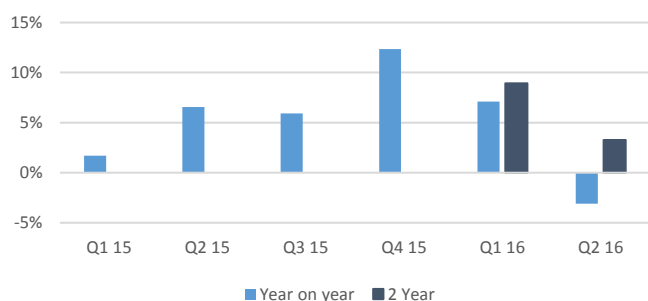
- Although London saw a decline in overnight visitor numbers in Q2 2016, every region has seen an increase in visits in H1 16 on both a one year and two year view, with England ex-London and Wales particularly strong.

Fig 6: Year on year growth in overnight visits – by region

Thousands	Q1 16	Q1 15	Change ('000s)	Change (%)	Q2 16	Q2 15	Change ('000s)	Change (%)	H1 16	H1 15	Change ('000s)	Change (%)
London	3,822	3,569	254	7.1%	4,982	5,140	-159	-3.1%	8,804	8,709	95	1.1%
Other England	3,153	2,892	260	9.0%	4,121	4,069	52	1.3%	7,273	6,961	312	4.5%
Total England	6,640	6,202	438	7.1%	8,619	8,701	-81	-0.9%	15,260	14,903	357	2.4%
Scotland	410	323	87	26.9%	720	778	-59	-7.5%	1,130	1,101	28	2.6%
Wales	145	137	7	5.4%	305	254	51	20.1%	450	392	59	14.9%
Total UK	7,484	6,949	535	7.7%	9,959	9,983	-24	-0.2%	17,443	16,932	511	3.0%

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 7: Year on year growth in overnight visits – London



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 8: Year on year growth in overnight visits – England ex-London

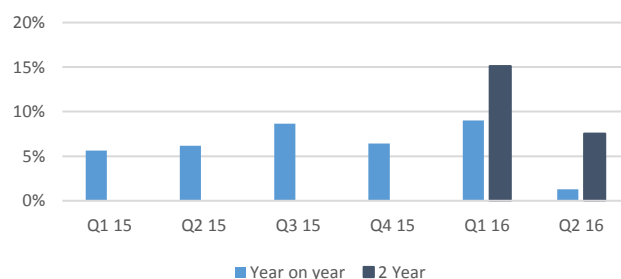
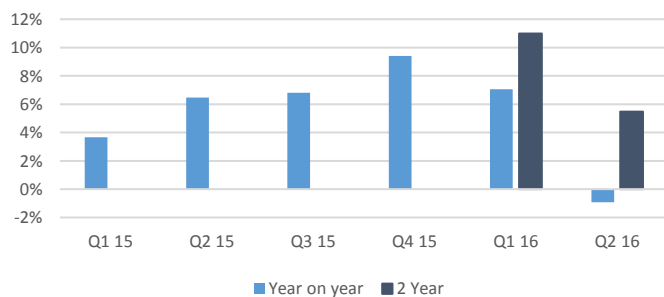


Fig 9: Year on year growth in overnight visits – Total England



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 10: Year on year growth in overnight visits – Scotland

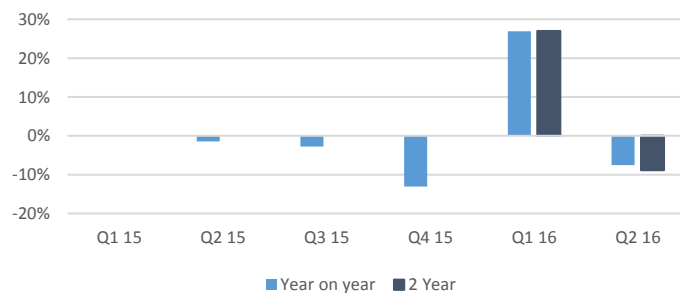
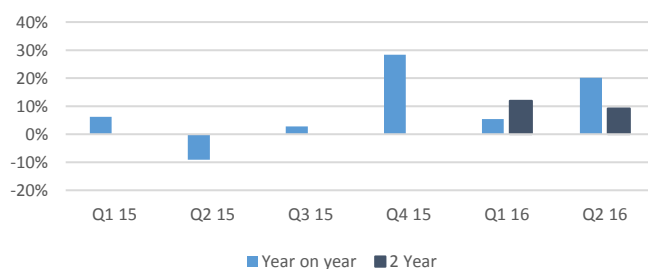
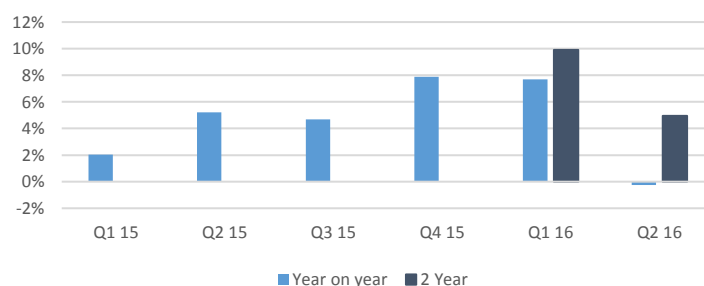


Fig 11: Year on year growth in overnight visits – Wales



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 12: Year on year growth in overnight visits – Total UK



Spend from abroad by region

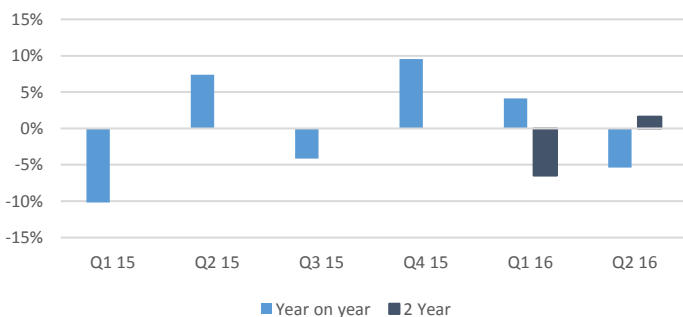
- Spend in England ex-London returned to modest growth in Q2 16 after a decline of -13% in Q1 16. Overall, England has seen a decline in spend of -2.8% in H1 16 year on year (London -1.5%, England ex-London -4.8%) while Scotland and Wales have seen strong growth of +9.3% and +8.5% respectively.

Fig 13: Year on year growth in spend – by region

£ million	Q1 16	Q1 15	Change (£m)	Change (%)	Q2 16	Q2 15	Change (£m)	Change (%)	H1 16	H1 15	Change (£m)	Change (%)
London	2,248	2,159	89	4.1%	2,997	3,167	- 171	-5.4%	5,245	5,326	- 81	-1.5%
Other England	1,161	1,336	- 176	-13.1%	1,897	1,876	21	1.1%	3,058	3,212	- 154	-4.8%
Total England	3,409	3,495	- 86	-2.5%	4,894	5,043	- 149	-3.0%	8,303	8,539	- 236	-2.8%
Scotland	166	153	13	8.8%	540	493	47	9.4%	706	646	60	9.3%
Wales	46	49	- 2	-4.7%	137	120	17	13.9%	184	169	14	8.5%
Total UK	3,712	3,794	- 82	-2.2%	5,768	5,818	- 50	-0.9%	9,480	9,612	-132	-1.4%

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 14: Year on year growth in spend – London



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 15: Year on year growth in spend – England ex-London

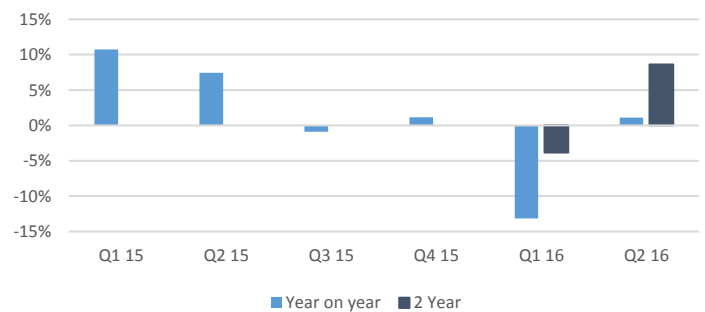
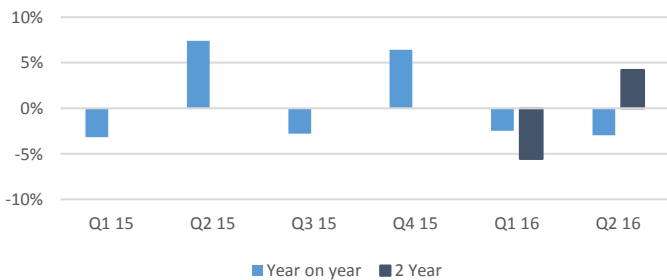


Fig 16: Year on year growth in spend – Total England



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 17: Year on year growth in spend – Scotland

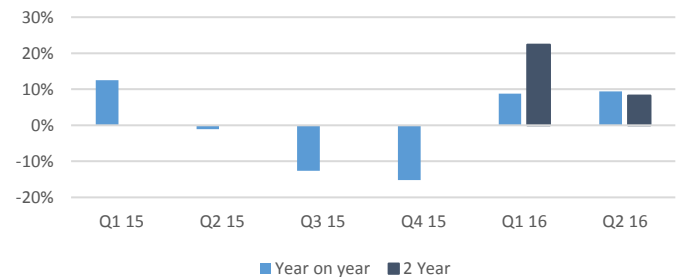
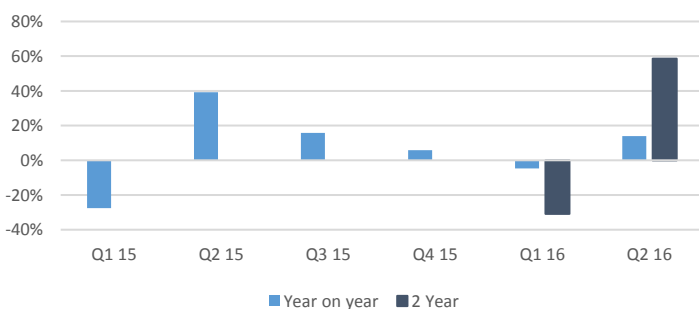


Fig 18: Year on year growth in spend – Wales



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 19: Year on year growth in spend – Total UK

