

# BHA Quarterly Inbound Travel Analysis

## Q3 2016

Overseas spend in the UK returned to growth in Q3 2016, with holiday passenger spend rebounding strongly after a poor H1. Year to date, strong growth in the 'miscellaneous' and 'VFR' categories has offset significant declines in spend by business passengers (-7.3% y/y), and a smaller decline by holiday passengers (-0.9% y/y). Inbound holiday passengers have spent an estimated £64m less in the UK year to date than in the same period in 2015, while business passengers have spent an estimated £291m less. Overall inbound spend in London is down 6% in Q3 versus Q3 2015, but up strongly in the rest of the UK.

Fig 1: Q3 2016 year on year growth in spend from abroad – by purpose of visit

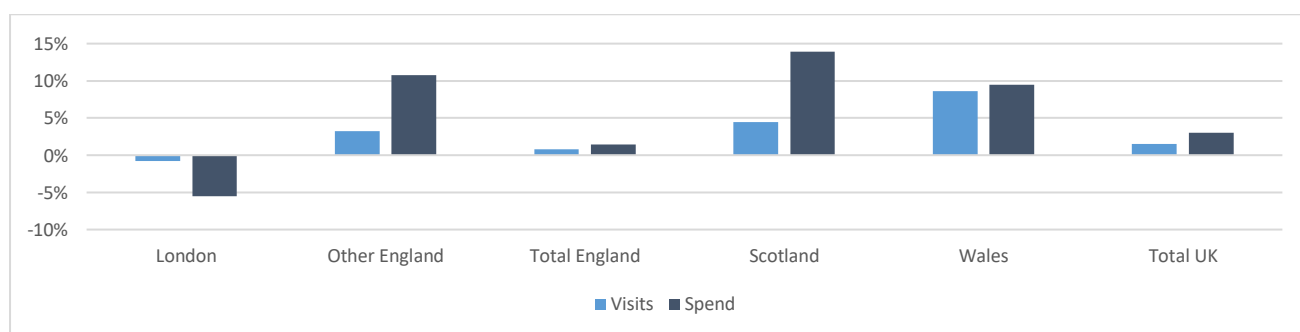
£ million	Q3 16	Q3 15	Change (£m)	Change (%)	H1 16	H1 15	Change (£m)	Change (%)	YTD 16	YTD 15	Change (£m)	Change (%)
<b>Holiday</b>	3,417	3,263	154	4.7%	3,454	3,672	-218	-5.9%	6,872	6,936	-64	-0.9%
<b>Business</b>	1,241	1,318	-77	-5.8%	2,453	2,668	-214	-8.0%	3,695	3,985	-291	-7.3%
<b>Visit friends or relatives</b>	1,653	1,536	118	7.7%	2,155	2,130	24	1.1%	3,808	3,666	142	3.9%
<b>Miscellaneous</b>	1,034	1,014	20	2.0%	1,404	1,128	276	24.4%	2,438	2,143	296	13.8%
<b>All visits</b>	<b>7,355</b>	<b>7,141</b>	<b>214</b>	<b>3.0%</b>	<b>9,480</b>	<b>9,612</b>	<b>-132</b>	<b>-1.4%</b>	<b>16,835</b>	<b>16,753</b>	<b>82</b>	<b>0.5%</b>

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

### What does this mean for the British Hospitality Sector?

- The small growth in overseas spend in the UK YTD is due to strong growth in 'miscellaneous' travel offsetting large declines in business spend, and smaller declines in 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 strong recovery in spend by holiday travellers in Q3 16, after a poor start to the year, however business spend continues to be depressed. On a 2-year view, business passenger spend is £175m lower in Q3 16 than it was in Q3 14, although up slightly YTD versus the same period in 2014. Holiday passenger spend in Q3 16 is slightly higher than in Q3 14, but £261m lower YTD than the same period in 2014, which will likely put pressure on consumer-facing businesses
- London-based businesses have seen inbound spend decrease in Q3 on both a one year and two year basis, with an estimated £193m less spent in Q3 16 versus Q3 15, and £343m less than in Q3 14
- Businesses in England (outside of London), as well as in Scotland and Wales, should have seen a significant recovery in inbound spend in Q3 16, with c.£400m more spent in Q3 16 versus Q3 15.

Fig 2: Q3 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:** *There has been a strong recovery in spend by holiday travellers in Q3 16, after a poor start to the year, however business spend continues to be depressed. Inbound holiday passengers have spent an estimated £64m less in the UK year to date than in the same period in 2015, while business passengers have spent an estimated £291m less.*
- **Overnight visits to the UK by region:** *London saw a slight decline in overnight visitor numbers in Q3 2016, although this was +5% on a 2 year view. Every other region has seen an increase in visits in Q3 16, on both a one year and 2-year view, with Wales particularly strong.*
- **Spend from abroad by region:** *Spend in London fell -6% in Q3, and -9% on a 2 year view. Spend in other regions was strong, with Wales in particular showing 27% growth in Q3 16 versus Q3 14.*

## Spend from abroad by purpose of visit

- There has been a strong recovery in spend by holiday travellers in Q3 16, after a poor start to the year, however business spend continues to be depressed. Inbound holiday passengers have spent an estimated £64m less in the UK year to date than in the same period in 2015, while business passengers have spent an estimated £291m less.
- Spend by holiday passengers has recovered after a poor start to the year, but remains slightly negative year to date (-0.9%), and down -3.7% year to date versus the same period in 2014.

Fig 3: Year on year growth in spend from abroad – holiday passengers

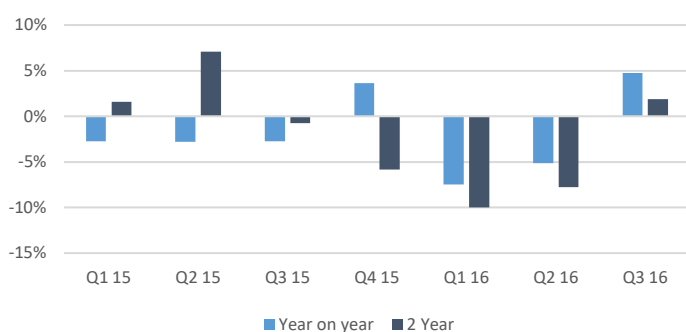
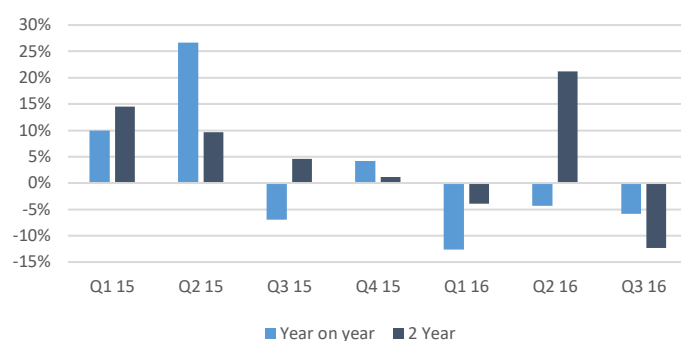


Fig 4: Year on year growth in spend from abroad – business passengers



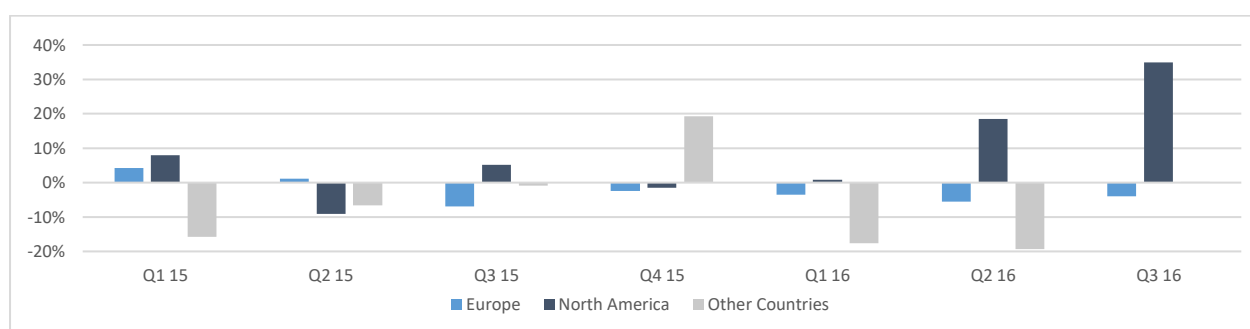
Source: International Passenger Survey, ONS data, British Hospitality Association analysis

- Spend by business passengers has been down year on year in every quarter of 2016 so far, and in Q3 is down 12% versus Q3 2014. Year to date, business spend is down 7.3% versus the same period in 2015, but up slightly (+0.8%) versus the same period in 2014.

## Holiday passenger spend by source region

- We have broken down the holiday spend by the source region. The recovery in Q3 holiday spend was driven by inbound passengers from North America, where inbound holiday passenger spend was up +35% year on year in Q3, and +42% versus Q3 2014. By contrast, Europe inbound holiday passenger spend continues to decline year on year, with Q3 spend -4% versus Q3 2015, and -11% versus Q3 2014.

Fig 5: Q3 2016 year on year growth in spend from abroad – by source region



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

## Overnight visits by region

- London saw a slight decline in overnight visitor numbers in Q3 2016, although this was +5% on a 2 year view. Every other region has seen an increase in visits in Q3 16, on both a one year and 2-year view, with Wales particularly strong.

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

Thousands	Q3 16	Q3 15	Change ('000s)	Change (%)	H1 16	H1 15	Change ('000s)	Change (%)	YTD 16	YTD 15	Change ('000s)	Change (%)
<b>London</b>	5,197	5,238	-40	-0.8%	8,804	8,709	95	1.1%	14,002	13,947	55	0.4%
<b>Other England</b>	4,898	4,746	152	3.2%	7,273	6,961	312	4.5%	12,171	11,707	464	4.0%
<b>Total England</b>	9,275	9,203	72	0.8%	15,260	14,903	357	2.4%	24,535	24,106	429	1.8%
<b>Scotland</b>	1,099	1,052	47	4.5%	1,130	1,101	28	2.6%	2,229	2,153	75	3.5%
<b>Wales</b>	406	373	32	8.6%	450	392	59	14.9%	856	765	91	11.9%
<b>Total UK</b>	<b>10,655</b>	<b>10,500</b>	<b>155</b>	<b>1.5%</b>	<b>17,443</b>	<b>16,932</b>	<b>511</b>	<b>3.0%</b>	<b>28,098</b>	<b>27,432</b>	<b>666</b>	<b>2.4%</b>

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

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

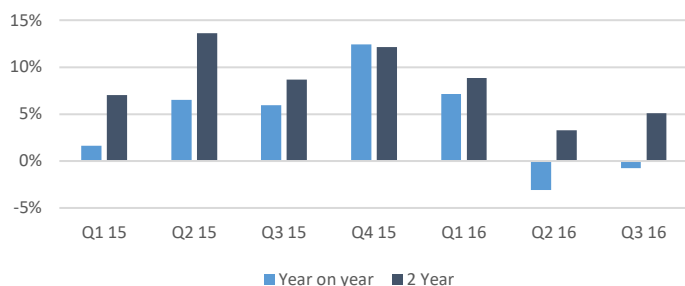
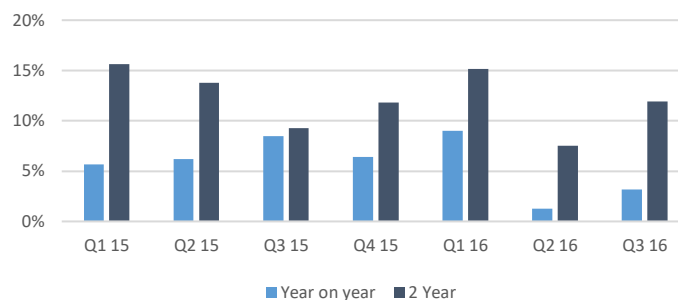


Fig 8: Year on year growth in overnight visits – England ex-London



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

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

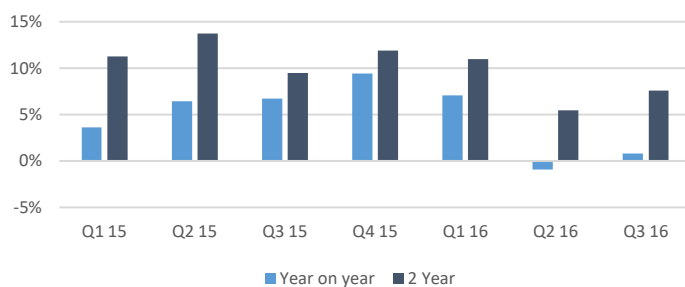
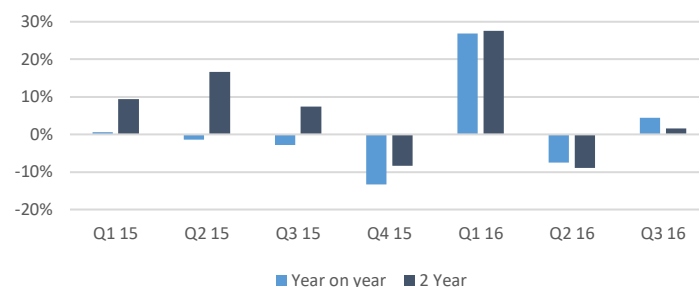


Fig 10: Year on year growth in overnight visits – Scotland



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

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

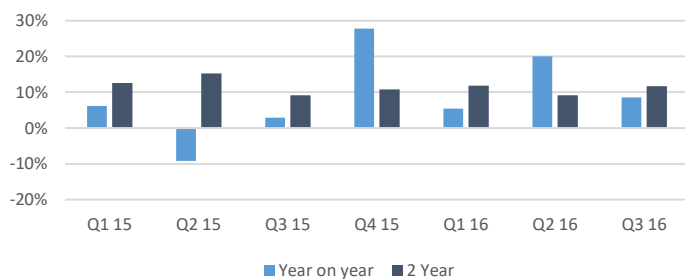
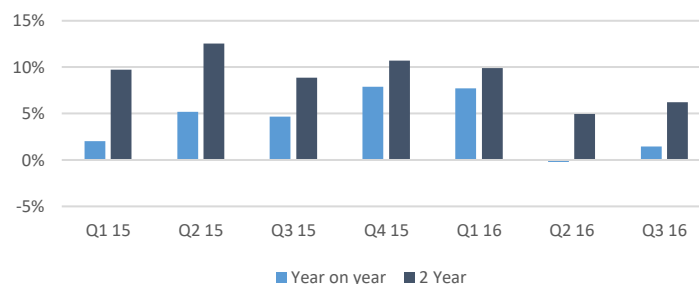


Fig 12: Year on year growth in overnight visits – Total UK



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

## Spend from abroad by region

- Spend in London fell -5.5% in Q3, and -9% on a 2 year view. Spend in other regions was strong, with Wales in particular showing 27% growth in Q3 16 versus Q3 14.

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

£ million	Q3 16	Q3 15	Change (£m)	Change (%)	H1 16	H1 15	Change (£m)	Change (%)	YTD 16	YTD 15	Change (£m)	Change (%)
London	3,284	3,476	-193	-5.5%	5,245	5,326	- 81	-1.5%	8,529	8,803	-274	-3.1%
Other England	2,869	2,590	279	10.8%	3,058	3,212	- 154	-4.8%	5,927	5,802	125	2.1%
Total England	6,153	6,066	86	1.4%	8,303	8,539	- 236	-2.8%	14,455	14,605	-149	-1.0%
Scotland	854	750	104	13.9%	706	646	60	9.3%	1,560	1,396	164	11.8%
Wales	183	167	16	9.5%	184	169	14	8.5%	367	336	30	9.0%
<b>Total UK</b>	<b>7,355</b>	<b>7,141</b>	<b>214</b>	<b>3.0%</b>	<b>9,480</b>	<b>9,612</b>	<b>-132</b>	<b>-1.4%</b>	<b>16,835</b>	<b>16,753</b>	<b>82</b>	<b>0.5%</b>

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

Fig 14: Year on year growth in spend – London

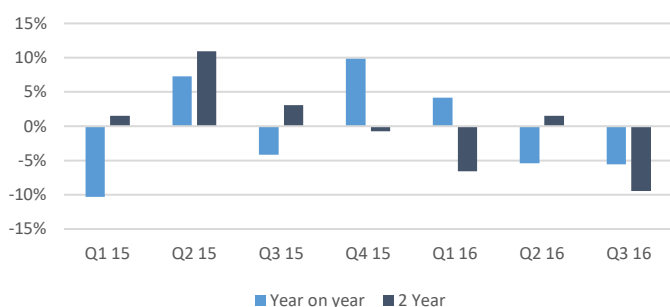
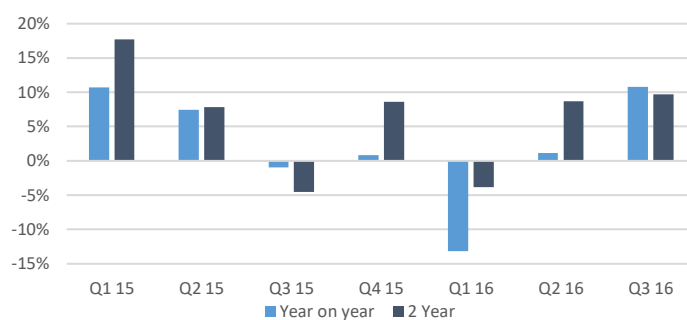


Fig 15: Year on year growth in spend – England ex-London



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

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

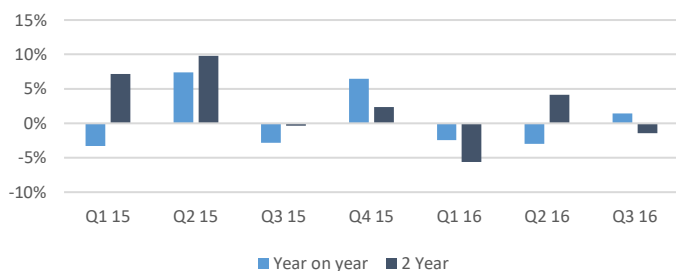
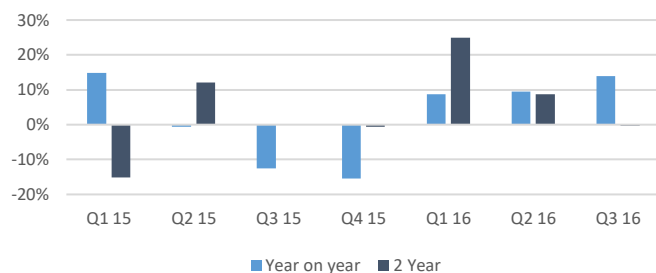


Fig 17: Year on year growth in spend – Scotland



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

Fig 18: Year on year growth in spend – Wales

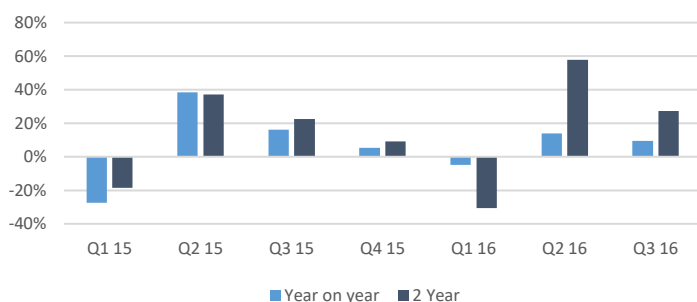
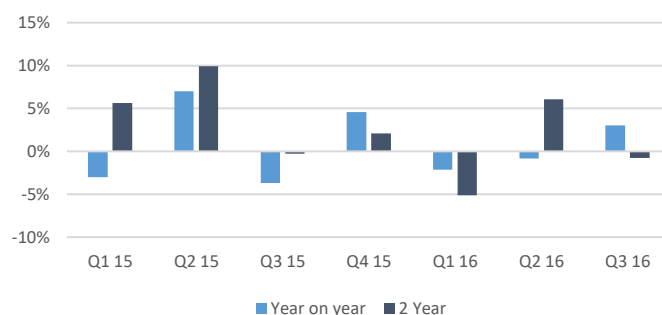


Fig 19: Year on year growth in spend – Total UK



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