

United Kingdom

The United Kingdom is a mature and stable, though slightly declining, market for the United States. Since 2000, the United States has seen as many annual increases as it has decreases from this market. However, because of its size, even single-digit growth from this market has an impact. Given that GDP growth in the United Kingdom is forecast to be better in the next several years than it has for the last six, there is potential for this market to recover. The British perceive the United States as friendly and diverse, so the potential to introduce them to new products should help this recovery. To attract an increasing number of visitors from the United Kingdom, the U.S. Government must communicate updates on entry processes and better coordinate work in market, including with the private sector, through a travel and tourism country plan. The private sector must work to ensure that UK traveler preferences and growth segments match up with U.S. products.

Overall Rank

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Historically, the United Kingdom has been, and still is, one of the top outbound tourism markets in the world. The number of British travelers visiting locations outside of the United Kingdom totaled 58.5 million travelers in 2013, nearly 5.4 percent of all global outbound travel. According to research data available from Brand USA that asked UK travelers “what countries did you visit on your last international holiday in the past two years,” the United States was the top destination, followed by Spain, France, Italy and Germany.

In 2013, travelers from the United Kingdom spent \$52.7 billion when traveling abroad, a two percent increase when compared to the previous year. British spending abroad has increased over 37 percent since 2000.^{xxxii} The United Kingdom now accounts for more than 4.4 percent of global tourism expenditures—positioning the United Kingdom as the world’s fifth largest spending market for international travel and tourism.

The number of outbound trips made by UK residents in 2013 reached 58.5 million, reflecting a rise of nearly four percent over the previous year. This was a return to positive growth after the nearly one percent decline in 2012. The financial crisis of 2008-2009 caused the number of outbound visitors to fall particularly steeply – from a peak of 69.5 million in 2006 to 55.6 million in 2010, a decrease of 13.9 million visits (20 percent) in four years. Over the two years since that time, the number of outbound visits has recovered slightly, increasing by 2.9 million.

With the growth in 2013, and continued growth in outbound tourism volumes in 2014, the UK market is likely to continue to post positive – but slow – growth for the next few years. UK consumers are expected to remain cautious and, although the global economy seems to be recovering, there are still many factors that could hamper growth, such as the high level of private and public debt, the effects of the scale-back of the quantitative easing programs (a monetary policy used by a central bank to stimulate an economy when standard monetary policy has become ineffective), and the political stability in Europe. The strengthening of the U.S. dollar will also have an impact on travel. Overall, the strong history of travel from the United Kingdom to the United States should continue.

Market Overview

The United States welcomed more than 3.8 million visitors from the United Kingdom in 2013, an increase of two percent when compared to the previous year. In fact, 2013 marked the first increase in arrivals from this market in the last five years (and the fifth out of 10 years).^{xxxiii} Since 2004, arrivals from the United Kingdom have declined three percent. Even with the slight decline over the decade, the United Kingdom is still the top overseas (excluding Canada and Mexico) arrivals market for the United States, a position it assumed in 2001 and has held ever since. While not a growth market, the United Kingdom has generated more than 3.7 million visitors to the United States every year since 1998. The year 2000 was the record year for British travel to the United States, during which the country hosted 4.7 million visitors.

As an export market, the United Kingdom ranked fifth in 2013 in terms of total travel and tourism-related spending in the United States. After a decade of no growth, the United Kingdom has dropped slightly from the third spot it held in 2004, when it only trailed Japan and Mexico. In 2013, UK travel and tourism exports totaled \$13.2 billion. This translates into roughly \$36 million per day^{xxxiv} being injected into local economies around the United States, supporting more than 68,000 U.S. jobs.^{xxxv}

U.S. travel and tourism exports to the United Kingdom now account for nearly 22 percent of all U.S. services exports and more than 12 percent of total exports to the market. Travel and tourism has enjoyed a positive trade surplus with the United Kingdom for decades—a surplus that totaled over \$1.7 billion in 2013.

Understanding the “Typical” Traveler from United Kingdom

The National Travel and Tourism Office Survey of International Air Travelers provides key insights into travelers from the United Kingdom:

Purpose of Trip—Most UK visitors to the United States come for leisure activities. As to the main purpose of their trip, the majority of arrivals were on vacation/holiday (64 percent), followed by visiting friends and relatives (18 percent), business (11 percent), and convention/conference/trade show (five percent). When considering all purposes of their trip (multiple responses), the net purpose of business and leisure totaled 17 percent and 84 percent, respectively.

Ports of Entry—The top U.S. ports of entry used by British travelers include New York, New York (18 percent), Orlando, Florida (13 percent), Newark, New Jersey (10 percent), Las Vegas, Nevada (seven percent), Los Angeles, California (six percent), San Francisco, California (five percent), Chicago, Illinois (five percent), and Miami, Florida (five percent).

Number of States Visited—The majority (74 percent) of British travelers visited only one state during their stay in the United States; over 16 percent visited two U.S. states; and 10 percent of British travelers visited three or more states.

U.S. Destinations Visited: States and Cities—The top U.S. states visited included New York (30 percent), Florida (28 percent), California (17 percent), Nevada (11 percent), Texas (six percent), and Massachusetts

(six percent). British visitors favored New York City, New York (29 percent), Orlando, Florida (20 percent), Las Vegas, Nevada (11 percent), Los Angeles-Long Beach, California (nine percent), San Francisco, California (nine percent), Boston, Massachusetts (five percent), and Washington, DC (five percent).

Leisure Activities—The top leisure activities of British visitors were shopping (88 percent), sightseeing (80 percent), experiencing fine dining (39 percent), visiting national parks and monuments (37 percent), traveling to small towns/countryside (32 percent), traveling to historical locations (31 percent), visiting amusement/theme parks (30 percent), taking guided tours (30 percent), visiting art galleries/museums (29 percent), and attending concert/play/musical (19 percent).

Transportation Used in the United States—The mode of travel most popular with British visitors while in the United States was the use of a taxicab/limousine (43 percent), followed by rented auto (34 percent), city subway/tram/bus (33 percent), private or company auto (32 percent), air travel between U.S. cities (22 percent), and bus between cities (12 percent). Fewer than eight percent used the U.S. rail system between cities.

Accommodations and Nights in the United States—The majority of British visitors stayed in hotels (78 percent), while 31 percent stayed in private homes. The average number of nights British visitors stayed in the United States is 13 nights, with 31 percent staying four to seven nights, and 24 percent staying 11 to 14 nights.

Income—The average annual income of visitors from the United Kingdom was \$118,775 in 2013, with 18 percent of British visitors making \$60,000 to \$79,999 a year and six percent making \$300,000 or more. Nearly 57 percent made less than \$100,000 in annual income.

Export Opportunities

Currently, the United Kingdom is the fifth largest travel and tourism export market for the United States. While arrivals have been up and down over the decade, travel exports have increased in five of the last seven years and are up 14 percent over 2009. The record year for UK travel exports was 2008, and the following year travel exports declined a staggering 28 percent. Since then, spending by visitors from the United Kingdom has increased in three of the last four years.

In 2013, travel exports (excluding passenger fares) were \$9.8 billion, or 18.7 percent of all travel spending by travelers taking an international trip. In 2009, the U.S. share of travel exports for the United Kingdom was 17.9 percent. Since then, it increased for the next two years, and then leveled off at 19.7 percent. It dropped in 2013 as travel spending by British visitors to the United States declined, whereas total outbound spending increased by two percent.

The 3.8 million visitors the United States welcomed from the United Kingdom in 2013 accounted for less than 6.6 percent of total British outbound travelers. The U.S. share of total outbound has been between 6.5 percent in 2007 to 6.9 percent in 2010. Before dropping one tenth of a percent last year, the country's share of British outbound travel had been 6.7 percent for the previous two years. In 2013, the percentage of UK travelers that visited the United States as a percentage of the United Kingdom's total population was small (0.6 percent), demonstrating clear opportunity for growth.

As a result, there is a significant opportunity to attract more visitors from the United Kingdom. The National Travel and Tourism Office Forecast for International Travel anticipates a compound annual growth rate of more than 2.3 percent for the United Kingdom, culminating in 4.4 million arrivals from the market in 2019, a 15 percent increase over the 2013 visitation level. If this growth is realized, the United Kingdom would become the fourth largest international market (behind Canada, Mexico and China, respectively) and the second largest overseas market in terms of visitation.

With the 4.7 million visitor record set back in 2000, the United States still has a long way to go in order to surpass this record.

One way to welcome more visitors from the United Kingdom to the United States would be to offer Global Entry to UK travelers. In August 2013, U.S. Customs and Border Protection (CBP) expanded the Global Entry program to include UK citizens on a limited basis (UK frequent flyers to the United States) as part of the International Expedited Travelers Initiative, an international trusted traveler program between Customs and Border Protection and the UK Border Agency. As of December 2013, Global Entry was no longer accepting applications, after the pilot easily reached its membership goal. CBP is currently undertaking efforts to make the program permanent.

The UK Registered Traveler program expedites entry into the United Kingdom, so its recent release and development means that Global Entry should now be able to move forward. Also, according to the Department of Homeland Security, the United States is actively working towards preclearance in the United Kingdom and is expecting to see at least one UK airport roll out preclearance in the next 18 to 36 months.

Additionally, according to ITA's Commercial Service officers in market, the United States is one of the only major global destinations that does not offer all-inclusive packages, which saw a 32 percent growth among UK travelers from 2004 to 2009 due to an increasing interest in best value/hassle-free travel. The meetings, incentive and convention travel segment is also underserved in the United Kingdom. These segments could offer opportunities for the United States to increase market share.

Finally, the United Kingdom is falling short on capacity for landing slots at Heathrow, but there are plans to build High Speed 2, a high-speed rail network which would connect the north and south of the country, effectively enabling Birmingham airport to compete with London and providing more flight capacity.

Challenges & Barriers

Although the United Kingdom remains a top market for the United States, there are a number of challenges that may affect greater growth from this market:

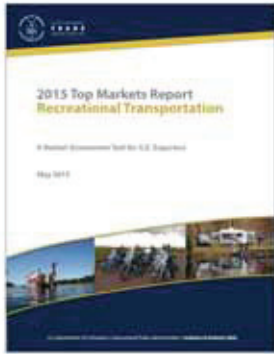
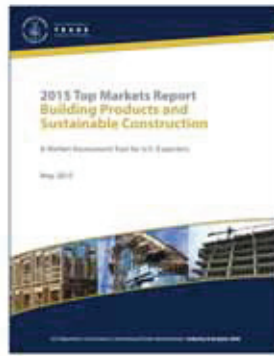
- **Air Passenger Duty.** Imposed by the UK government, the Air Passenger Duty (APD) disadvantages long-haul travel, costing each U.S.-bound economy passenger an additional \$108 per ticket (approximate, based on exchange rate), as contrasted to \$20 per ticket within the European Union. Other classes could add more than \$200 for flights to the United States, versus \$40 for flights within the European Union. This is the highest APD in the world. However, at the end of 2014, the UK's Chancellor of the Exchequer announced some changes to the duty, abolishing it from May 1, 2015 for children under 12 (traveling in economy class), and in 2016 further abolishing it for children under 16. This will greatly benefit UK families traveling to the United States.
- **Entry/exit experience.** Despite efforts to improve the entry/exit experience for international

travelers, there remains the perception that entering the United States is a difficult and overall negative experience.

- **Lack of U.S. coordination in market.** Within the United Kingdom, there are multiple stakeholders – public and private – involved in the travel and tourism industry, including the Departments of Commerce and State, Brand USA, and the private sector Visit USA Committee. Despite efforts to increase coordination and develop a country plan for travel and tourism, there continues to be a lack of coordination between entities. This results in

messages not being communicated optimally among stakeholders and among potential UK travelers, including clarifying and providing updates on the entry/exit process and procedures.

While the APD is not in the hands of the U.S. Government, the United States can affect the entry/exit experience and better communicate improvements in this experience, as well as better coordinate work between the U.S. Government and the private sector, including Brand USA representatives, in market.



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