

United Kingdom

Tourism in the economy

In 2005, the UK tourism industry was estimated to have generated GBP 85 billion for the UK economy, with 80% coming from the domestic tourism market. 2003 data suggest that tourism contributes 3.3% to national gross value added.

In 2006, overseas residents made an estimated 32 million visits to the UK, generating expenditure of approximately GBP 15 billion.

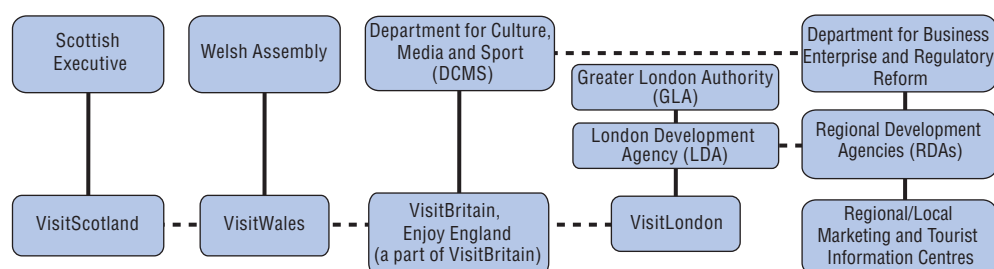
In 2004, there were 1.4 million people directly employed in tourism (44% in restaurants, bars and canteens and 16% in tourist accommodation) with more employed indirectly, equal to 5% of all employment in the UK. In 2004 also, there were an estimated 180 000 businesses in tourism industries.

International tourist arrivals in the UK grew by 31% between 2001 and the 2005 total of 30.0 million, while expenditure by tourists in the UK reached GBP 14.2 billion in 2005, 26% higher than in 2001. The largest origin markets for the UK are the USA which contributed 11.5% of total arrivals in 2005, Germany (11.1%) and France (11.0%).

Tourism organisation

The National Tourism Administration for the UK is the Tourism Division of the Department for Culture, Media and Sport (DCMS), a central department of the UK Government (Figure 3.32). DCMS is responsible for Tourism related diplomatic relations and membership of international organisations such as the UN World Tourism Organisation and EU Tourism Advisory Committee. It also directly funds VisitBritain, which is the UK's national tourist office, marketing England to the British (through EnjoyEngland) and the UK to the world.

Figure 3.32. **Organisational chart of tourism bodies in the United Kingdom**



Source: OECD, adapted from Department for Culture, Media and Sport, 2007.

Apart from national marketing, tourism is devolved to the regions. Funding and the direction of policy are the responsibilities of the Scottish Parliament and the Welsh Assembly, which fund VisitScotland and VisitWales respectively to carry out functions analogous to those of VisitBritain at national level (including the marketing of Scotland and Wales to the British and the world). There is a considerable amount of activity at regional and local level. Local authorities and Regional Development Agencies are responsible for marketing their areas, and for providing Tourist Information Centres at key destinations.

Tourism budget

UK public spending on tourism is as follows:

- A grant of GBP 50 million per annum is made by DCMS to VisitBritain, of which, approximately GBP 35 million is for the international marketing of the whole of the UK, and the balance for domestic tourism work.
- A grant of GBP 38 million per annum is made by the devolved Scottish Executive.
- A grant of GBP 22 million per annum is made by the devolved Welsh Assembly.
- An estimated GBP 50 million is available in aggregate each year for Tourism related issues from the nine Regional Development Agencies (which are responsible for tourism in the English regions) The RDAs in turn receive their funding from a range of central government departments.
- An estimated GBP 120 million is spent on tourism by local authorities (funded by a combination of local taxes, and central funding).

In terms of the performance of public spending on tourism, in 2005, VisitBritain was estimated to have delivered a return on investment of 44:1 for its overseas marketing and 20:1 for domestic marketing.

Tourism related policies and programmes

DCMS is responsible for overall UK tourism policy (Box 3.20). The main areas of support and intervention are the following:

Competitiveness: The main target of the National Tourism Administration is to raise the value of the tourism sector to GBP 100 billion, per year by 2010 (that is, the sum of the turnovers of all businesses in this sector). The UK has national quality assessment schemes run by VisitBritain, VisitScotland and VisitWales in the public sector, and by the AA (Automobile Association) in the private sector. Non-statutory in nature, these schemes have common grading criteria. The UK Government's target is to raise the proportion of businesses which participate in the schemes from the present 50%, to over 90% by 2016.

Sustainable Tourism: Data were recently published against a series of sustainable tourism indicators and the country's sustainable tourism framework is under revision. VisitBritain, the UK marketing body, is also working to improve the relationship between the quality accreditation schemes for accommodation, attractions and sustainability, and is exploring the feasibility of establishing a "green" entry level to these schemes to increase the level of participation and a validation scheme to recognise well-established schemes in the marketplace. In addition they are also developing a sustainable tourism strategy that will support the position of Britain as a premier sustainable destination through a shared agenda across the UK tourism industry, promote the take-up of best practice and encourage responsible tourists to enjoy products offered by sustainable tourism businesses.

Box 3.20. Key tourism policy developments

- DCMS has recently published a comprehensive strategy for Tourism and the London 2012 Olympic and Paralympic Games.
- The Strategy's action plan for the six years between 2007 and 2013 includes:
 - ❖ The framework under which DCMS, its partners VisitBritain and Visit London, and the industry will market the UK at home and overseas.
 - ❖ A cross-UK public/private sector marketing campaign starting at the Beijing handover, with all 180 000 UK tourism businesses given the chance to get involved.
 - ❖ Plans to make the most of the Cultural Olympiad right across the nation.
 - ❖ New initiatives in product quality (the hotel "Star" schemes): with more money for London and national work which will benefit the whole of the UK.
 - ❖ Skills work alongside the National (Tourism) Skills Strategy.
 - ❖ Plans for real changes in the industry's response to disability issues.

Human Resources: There are considerable issues of staff retention and training within the UK tourism sector, particularly in customer service, management/leadership and chef skills. In terms of the labour market, recruitment is often very short term with the employment of large numbers of students and international workers. Also, over a third of the workforce is under 25. The Government is working to address this as a priority through People 1st – the sector skills council for hospitality, leisure, travel and tourism. This is an employer organisation which is funded by Government, the private sector and through commercial activity.

Legislative and Regulatory Environment: The UK Government works to ensure that the impact of national and EU regulation on tourism businesses is at an appropriate level, whilst ensuring that they adhere to key health, safety and security standards.

Domestic/Inbound/Outbound Tourism: The UK is keen to encourage both international and domestic tourism and hence marketing is carried out to domestic consumers through EnjoyEngland, VisitScotland and VisitWales, and to international consumers through VisitBritain.

International and Intra-Regional Activities: The UK's international tourism promotion agency VisitBritain has an extensive network of international offices in all parts of the world. The UK is a member of the EU Tourism Advisory Committee and UN World Tourism Organisation.

Dialogue with the tourism industry: The UK Government maintains a close and regular dialogue with the tourism industry: through the national tourism body VisitBritain, through representative organisations including the DCMS-supported public/private partnership, the Tourism Alliance, and with individual businesses. VisitBritain works closely with the industry on joint marketing and other projects, as does the London-only body, Visit London (which is jointly funded by the city of London, DCMS and tourist businesses).

Statistics: The key publicly-funded measure of inbound tourism is the International Passenger Survey, and of domestic turnover the UK Tourism Survey. Consolidated data from these inform policy in accordance with Satellite Accounting principles. Central measures of productivity are also maintained (Value Added per Labour Unit).

Major forms of tourism


20% of UK tourism turnover comes from inbound business. In the international market, the UK specialises to a certain extent in heritage tourism, particularly London with its established and world-famous range of attractions. London is using the opportunity of the 2012 Olympic Games to build on this World City status and attract a younger and more diverse range of visitors, alongside the increasingly important business tourism offer. Efforts are also being made to improve London's performance as a gateway to the rest of the UK.

The domestic market – accounting for 80% of the UK's tourism business – encompasses longer holidays by UK citizens, short-breaks and day trips. With businesses widely dispersed across the UK, the domestic offer includes country houses, castles, historic towns and exceptional countryside.

Statistical profile

Table 3.109. **Inbound tourism: International arrivals and receipts**


	Units	2001	2002	2003	2004	2005
Visitors	Thousands	22 835	24 180	24 715	27 755	29 970
<i>of which:</i>						
United States	Thousands	3 580	3 611	3 346	3 616	3 438
France	Thousands	2 852	3 077	3 073	3 254	3 324
Germany	Thousands	2 309	2 556	2 611	2 968	3 294
Ireland	Thousands	2 039	2 439	2 488	2 578	2 806
Netherlands	Thousands	1 411	1 419	1 549	1 620	1 786
Tourism receipts	Million GBP	11 306	11 737	11 855	13 047	14 248

StatLink  <http://dx.doi.org/10.1787/152128562088>

Source: International Passenger Survey, 2007.

Table 3.110. **Outbound tourism: International departures and expenditure**


	Units	2001	2002	2003	2004	2005
Departures	Thousands	58 281	59 377	61 424	64 194	66 441
Tourism expenditure	Million GBP	25 332	26 962	28 550	30 285	32 154

StatLink  <http://dx.doi.org/10.1787/152138027463>

Source: International Passenger Survey, 2007.

Table 3.111. **Employment in tourism**


	Units	2000	2001	2002	2003	2004
Employment in tourism	Thousands	1 332	1 353	1 367	1 398	1 420
<i>of which:</i>						
Hotels and other tourist accommodation	Thousands	230	227	222	226	230
Restaurants/bars/canteens	Thousands	556	567	587	610	618
Transport	Thousands	132	135	133	134	132
Travel agents/tour operators	Thousands	135	145	139	138	147
Recreation services	Thousands	73	73	78	80	83
Rest of the economy	Thousands	205	208	208	210	211

StatLink  <http://dx.doi.org/10.1787/152183008046>

Source: Department for Culture, Media and Sport, 2007.

Table 3.112. **Tourism in the national economy**

	Units	2000	2001	2002	2003	2004 ¹	2005
Total tourism consumption	Billion GBP	89.6	88.3	90.1	91.6	..	104.5
Tourism consumption on UK trips	Billion GBP	74.9	72.9	73.7	74.2	..	85
Tourism as % of gross value added (GVA)	Percentage	3.8	3.6	3.5	3.3
Tourism GVA estimate	Billion GBP	32	31.5	32.2	32.7
Tourism's share of national GVA	Percentage	3.8	3.6	3.5	3.3

StatLink  <http://dx.doi.org/10.1787/152203547002>

1. A total 2004 figure is unavailable due to a problem with estimates of domestic overnight tourism from the UK Tourism Survey.

Source: Department for Culture, Media and Sport, UK Tourism Satellite Account, 2007.

Synthesis

The following chapter presents summary details of the tourism sector in 32 countries, 30 of which are OECD members, in addition to Romania and South Africa. Each country section is set out under five main headings:

- Tourism in the economy.
- Tourism organisation.
- Tourism budget.
- Tourism related policies and programmes.
- Statistical profile

For further information, a synopsis table in Annex 3.A1 indicates the main websites for national tourism administrations, national tourism organisations and other important Tourism related organisations.

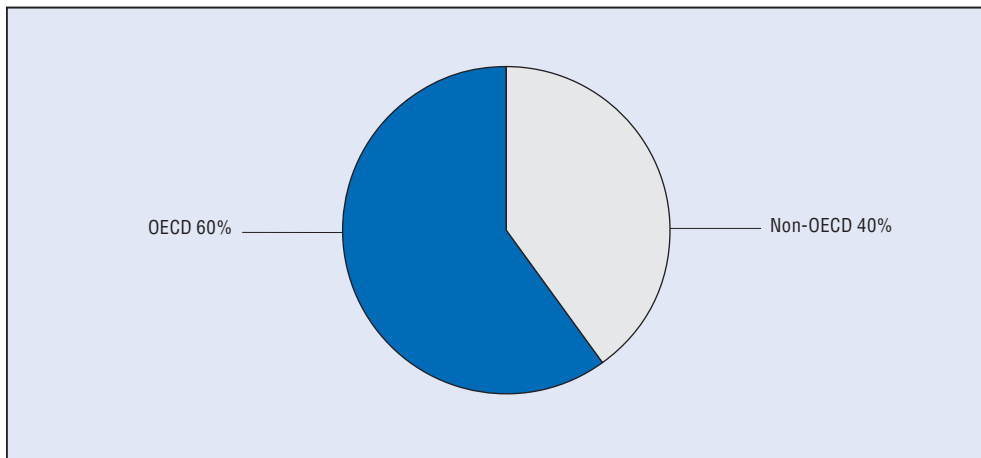
This chapter focuses mainly on international tourism (inbound and outbound). It also includes some partial data on domestic tourism based on Tourism Satellite Account sources or on national surveys. The measurement of domestic tourism, in terms of the number of tourist trips taken each year, is not generally provided by most countries on a consistent basis and does not readily lend itself to aggregations and international comparisons.

International tourist arrivals, however, are recorded for almost all countries. Data for 2005, the latest year for which complete data are available, show that globally there were 802 million international tourist arrivals (World Tourism Organisation). In the OECD member countries, international tourist arrivals in that year totalled 481.5 million, and thus these countries account for 60.0% of all international tourism by this measure (Figure 3.1).

Eight out of the top ten international tourism destinations are included in this chapter, the exceptions being China and Russia. These eight – France, Spain, USA, Italy, UK, Germany, Mexico and Austria – together accounted for 308.9 million arrivals in 2005, 38.5% of the global total.

Tourism in the economy

The importance of the tourism sector in the economies of these 32 countries varies widely. To generalise however, tourism accounts for an important share of Gross Domestic Product (GDP) and of services exports in many countries (see Chapter 1, *New Paradigm for International Tourism Policy*), and also generates a substantial share of total employment. Although data coverage of these measures is variable (see individual sections for country details), an idea of tourism's economic importance is given in the Figure 3.2.

Figure 3.1. **International tourist arrivals, world, 2005**


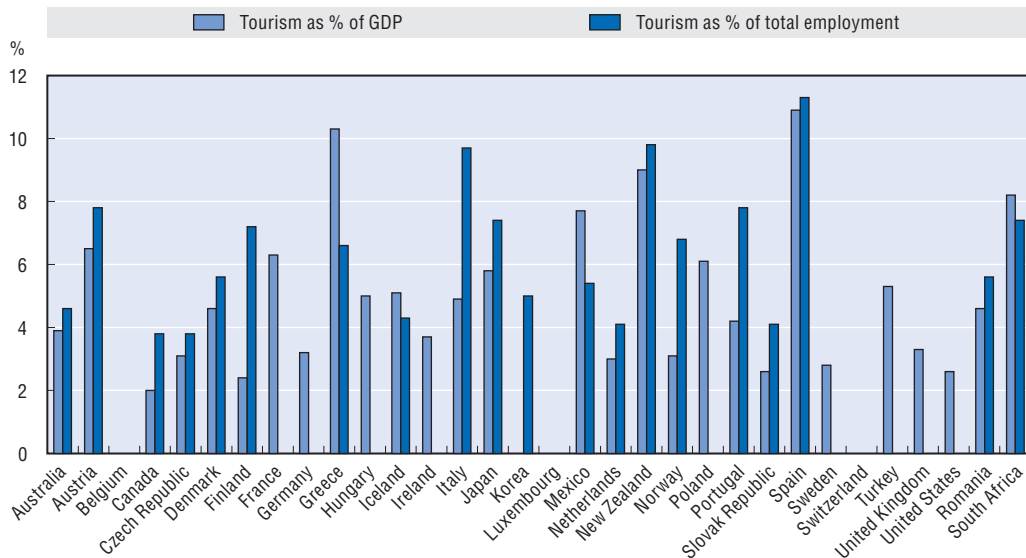

StatLink  <http://dx.doi.org/10.1787/153030008744>

Figure 3.2. **Tourism in the economy, 2006**

StatLink  <http://dx.doi.org/10.1787/152847245261>

Clearly tourism is an important economic force in many of the countries covered here. For some of the world's major tourism destinations, tourism plays a crucial role in sustaining employment and in earning foreign currency receipts.

Tourism organisation

The treatment of the tourism sector within the government structures of the countries covered in this chapter varies considerably. Moreover, due to variations in government structures it is difficult to be precise about which portfolio includes tourism. However, the growing economic and political importance of tourism is reflected by the fact that 15 OECD countries have a Ministry or a Secretariat of State with Tourism named in their title.

Several countries have their own dedicated tourism ministries (Greece, Mexico and New Zealand), however in most cases, the tourism portfolio is attached to Economy,

Industry, Trade or SME ministries (Australia, Austria, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland and United States). For a few others, the tourism portfolio is linked to Regional Development (Czech Republic and Hungary), Culture and Sports (Ireland, Korea, Poland, Turkey and United Kingdom), Environment (South Africa) or Transportation (Japan).

Tourism budgets

A comparison of tourism budgets is complicated by issues of exchange rates and, especially, of the different approaches to the public funding of tourism support adopted by governments. Readers are referred to the country sections for details.

As a generalisation, however, the largest item in public budgetary support for tourism tends to be the marketing budgets granted to national tourist offices or their equivalents for international marketing purposes. Again as a generalisation, it is typically the national tourist office that is responsible for marketing the country as a tourism destination to foreign visitors. Regions or specific destinations within countries are then responsible for their own promotion within the country concerned, but generally national governments discourage regions from direct (and usually costly) international marketing themselves. In some countries, such as the United States for example, where it is felt that the country's international profile is inherently high, international marketing budgets are limited.

For domestic tourism, countries are becoming increasingly aware of the economic benefits to be gained from encouraging nationals to take their holidays in their own countries, both in terms of balance of payments benefits (by avoiding expenditure on holidays abroad) and in terms of the economic stimulation that a vigorous domestic tourism sector can generate. As a result, national tourist offices or other public tourism organisations are taking on more responsibility for the active promotion of tourism opportunities within their own countries to their resident population.

Tourism related policies and programmes

Public investment in tourism is again highly varied across countries, and the reader is referred to the country sections for detailed information.

As an economic activity with the potential to create jobs, add value and earn foreign exchange, tourism is increasingly being seen as a sector in which public investment can be justified, in a number of areas. The most common are:

- Investment programmes in infrastructure which can contribute to facilitating access to the tourism industry for nationals and foreigners alike.
- Programmes supporting the small business sector which, in terms of the number of enterprises engaged, is dominated by SMEs; programmes to enhance quality in tourism most commonly through action of training.
- Programmes aimed at the quality of tourism facilities and services (these often involve the introduction and maintenance of national quality standards and quality accreditation schemes).
- Licensing schemes for personnel engaged in tourism (e.g. the licensing of tourism guides).
- The creation of a business and investment climate that is supportive of the tourism sector and which encourages the participation of the private sector as prime investors.

Governments are also increasingly conscious of their role in facilitating international access for visitors to their countries by means of the pursuit of increasingly liberal air transport policies. In the area of environmental policy and conservation, governments are also becoming more directly involved in the promotion of ecologically-friendly policies aimed at minimising the adverse impact of tourism on the physical environment and maximising the sustainability of their tourism sectors.

The concept of public-private partnerships in tourism is being pursued actively by a number of countries, both in the financing of national tourist offices and the development of tourism networks such as those providing information to tourists at a local level, as well as investment programmes geared to leveraging private investment in the tourism sector by means of public pump-priming money.

Policy advice and enabling measures are also increasing, led by national governments, to assist tourism industries and especially small businesses to meet the fast-growing competition in global tourism. A notable emphasis is now being seen on maximising the use of on-line technologies to enable tourism businesses to benefit from and cope with the rapid globalisation of tourism marketplaces and of tourism marketing. Information and reservation systems are at the heart of many of these initiatives, as the direct linkages via the Internet between the tourist and the tourism service supplier strengthen and disintermediation (the elimination of the need for the use of travel intermediaries such as travel agents) increases.

Finally, in addition to the pursuit of national policies and programmes and the promotion of tourism clusters and networks, governments are becoming increasingly aware of the potential benefits to be gained from international co-operation in tourism marketing and promotion and generally take the lead in developing tourism linkages with other, often contiguous, states.

Summary

To summarise, tourism is gaining in importance in the eyes of governments as an economic activity which justifies serious consideration at the level of national policy. Tourism in many countries has already surpassed in economic importance some of the more traditional sectors such as agriculture which historically have commanded greater political attention at national government level. Governments are becoming more aware of the benefits and of the potential pitfalls of the tourism sector in national economic development terms. Closer study of this chapter will illustrate the many initiatives taken by governments in the tourism field and will assist the reader in comparing their own national experience with international best practice.

Basic methodological references

The following definitions are based on UN and UNWTO (1994), International Recommendations on Tourism Statistics (IRTS), UN, Madrid and New York.

Inbound tourism

Arrivals associated to inbound tourism correspond to those arrivals by international (or non-resident) visitors within the economic territory of the country of reference.

Visitors include: a) *Tourists (overnight visitors)*: “a visitor who stays at least one night in a collective or private accommodation in the country visited”; b) *Same-day visitors*: “a visitor who does not spend the night in a collective or private accommodation in the country visited”.

When a person visits the same country several times a year, an equal number of arrivals is recorded. Likewise, if a person visits several countries during the course of a single trip, his/her arrival in each country is recorded separately. Consequently, *arrivals* cannot be assumed to be equal to the number of persons travelling.

Tourism receipts data are obtained from the item “travel, credits” of the Balance of Payments of each country and corresponds to the “expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Fare receipts data are obtained from the item “transportation, passenger services, credits” of the Balance of Payments of each country and corresponds to the “fare expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Outbound tourism

Departures associated to outbound tourism correspond to the departures of resident visitors outside the economic territory of the country of reference.

Tourism expenditure data in other countries are obtained from the item “travel, debits” of the Balance of Payment of each country and corresponds to the “expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

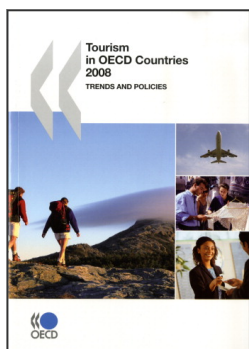
Fare expenditure data in other countries are obtained from the item “transportation, passenger services, debits” of the Balance of Payment of each country and corresponds to the “fare expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

Symbols and abbreviations used

.. Not available

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From:
Tourism in OECD Countries 2008
Trends and Policies

Access the complete publication at:
<https://doi.org/10.1787/9789264039773-en>

Please cite this chapter as:

OECD (2008), "United Kingdom", in *Tourism in OECD Countries 2008: Trends and Policies*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264039773-32-en>

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