



Photo: Ernst Wagenveld

Travel Trade Scan United Kingdom 2023



Travel Trade Scan United Kingdom

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1

Snapshot of the UK travel market

A brief overview of the UK's travel industry and its recovery post pandemic.



Travel volume

Up and until 2019 UK citizens travelled extensively, with 93 million overseas visits, and mostly for leisure. However, in 2020 and 2021, due to the (COVID-19) pandemic the number of overseas trips fell dramatically to 24 million and 19 million trips respectively. As travel restrictions started to ease, 2022 saw the UK travel industry start to bounce back and 71 million visits were made overseas. In 2022 the most popular European destination was Spain, followed by France and Italy. The Netherlands was placed tenth, down from sixth in 2019, largely because COVID-related travel restrictions for UK residents were not fully removed until September 2022. In 2019 the number of UK overnight visitors to the Netherlands reached 2.4 million visitors, whereas in 2022, post-pandemic, this number was 1.3 million. As the UK travel industry continues to recover, in 2023, UK overnight visitors to the Netherlands is expected to reach 1.8 million.

The impact of Brexit on travel

Despite concerns surrounding the impact of Brexit, it seems that it has had no considerable effect on the travel behaviour of UK-residents. The number of holiday trips taken abroad post-pandemic is increasing again, and positive travel sentiment towards overseas travel remains high. As a result of Brexit, the UK is now classified as a third country.

Travel sentiment

Although UK residents are travelling overseas again in large numbers, travel businesses still have a long way to go to recover from the impact of approximately two years (March 2020 – March 2022) of lost revenue. Businesses are now confronted with the impact of current global events, such as inflation and the escalation of energy and fuel prices. That said, research shows that by and large British holidaymakers are not deterred from travel. When questioned for NBTC's Holiday Sentiment Monitor in June 2023, 90% of Brits said that they intend to go on holiday in the next 12 months, with 50% saying they are planning to holiday in Europe and 55% had already booked their next trip. Although demand for travel overseas is high, 50% of respondents said that rising prices (fuel, gas/energy, groceries, etc.) have forced them to adjust their holiday behaviour. The most popular ways mentioned to save on costs were to take less holidays per year (49%) and to stay in cheaper accommodation (47%).

Travel search and booking behaviour

Many consumers opt for a multichannel approach when planning and booking their holidays. Research conducted by BDRC Continental pre-lockdown in 2020 found that 69% of UK respondents used the travel trade as a source of inspiration and for planning their main holiday in 2020, while 37% said they used search engines and 32% said review sites. The importance of the travel trade has continued to increase post-pandemic, particularly with the consumers' need for flexible cancellation options, financial stability/security and competitive pricing. A survey of UK adults towards the end of 2022 (who intended to take overseas holidays in 2023), found that 74% stated the travel trade (online/in-person travel agent or tour operator) as one of their preferred booking sources and 26% mentioned that they prefer to book flights or accommodation direct with the actual provider e.g. airline or hotel.

Most British consumers tend to book overseas travel online, with OTA's being a popular choice for city trips and short trips. However, special interest tour operators and travel companies are a firm favourite for consumers who are looking for something a bit more unique and tailor-made, such as festivals, culinary experiences, arts & cultural heritage, active holidays etc. Small, accompanied group tours (approximately 10 people), where guidance and insights are given by an expert during the trip are also increasing in popularity.

2 Market position and market developments

A detailed look at the current status and development of the UK travel industry, its main players, consumer demand and trends, with a special focus on travel from the UK to the Netherlands.



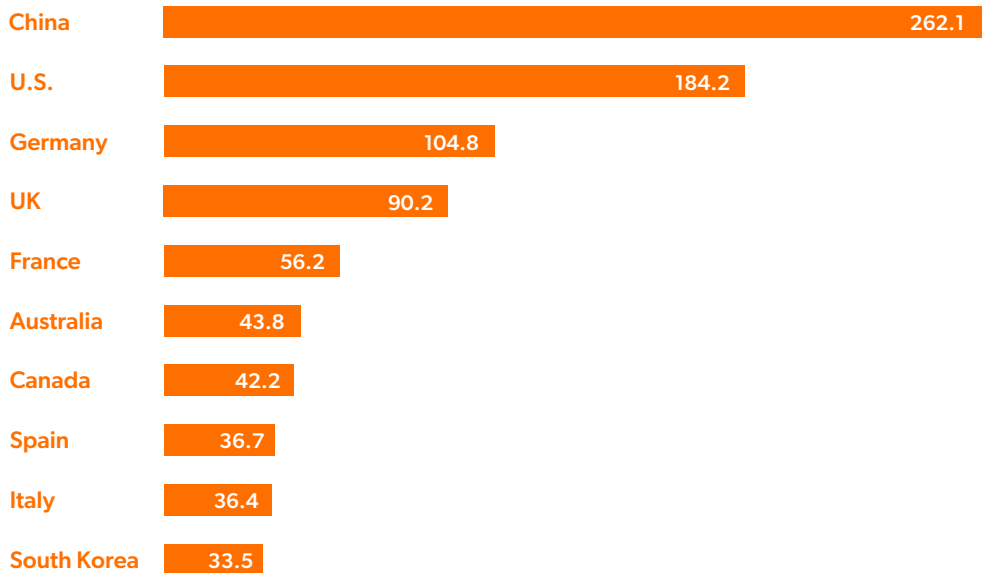
Photo: Sjoerd Bracke & Cuno de Bruin

2.1 Travel market size

The UK travel market is one of the biggest globally, both in domestic and international terms, as UK residents' love for travel continues. In 2019, the UK ranked in fourth place in terms of overseas travel and tourism expenditure (figure 1). When looking at European countries, the UK is in second place, narrowly behind Germany.

Figure 1

Outbound travel and tourism expenditure in leading countries in 2019 (in billion U.S. dollars)



Source: WTTC

The UK's own tourism industry is one of the largest worldwide. In 2021, tourism contributed £131.5 billion (directly and indirectly) to the nation's GDP and provided 4.1 million jobs. In 2021, there were 8,670 tour operators and travel agencies in the UK with a combined revenue of £17.2 billion. Pre-pandemic (2019), this sector's value was just over £45 billion. However, despite a decline in performance in recent years, the outlook is a positive one, with the sector's value expected to rise to £49 billion by the end of 2023. By 2025, the UK tourism industry as a whole will be worth over £257 billion, around 10% of the UK GDP. It is estimated that the industry will support 3.8 million jobs and continue to have a huge impact on the UK economy.



2.2 Travel industry players

Tour Operator

A Tour Operator is a company that researches and creates holiday ideas, designs the itinerary and content, contracts the services needed for the holiday (e.g. accommodation, transport, guides, tour leaders or resort reps) and then markets the resultant package. They sell the package either directly to the consumer or use the services of a travel agent to do so. Tour operators can be found both online and in the high street. By law, a tour operator is referred to as a "principal", meaning they take responsibility for the package that they create and cover that liability with (usually) an ATOL-license and/or some form of bonding to ensure that the consumer receives a refund or is flown home in case they are abroad at the time that a tour operator fails. There are different types of tour operators that specialise in one or more segments of the travel market. For example, coach tour operators and cruise operators, plus specialised tour operators that focus on holiday types such as culture, arts & history, slow travel, sustainable travel, outdoor & active, cycling & hiking, gastronomy & wine, gardens & horticulture, and so on.

Online Travel Agent (OTA)

OTA's provide online travel reservation and booking services, taking a percentage of the total transaction value booked through their websites to generate revenue. Their main online activities include providing bookable flights, accommodation and activities, selling package holidays, organising travel arrangements and providing travel and destination information.

The Online Travel Agencies (OTA) industry consists of two primary operating models: an agency model and a merchant model. Under the agency model, the OTA acts as a distribution channel for tourism product providers, taking a commission on the total value of a booking. The hotel owner has the opportunity to decide the final sales price to the customer, which gives more control to the owner. The main characteristic of the agency model OTA is that the guest pays the hotel directly when the stay occurs, and the hotel pays the OTA commission after the stay has taken place. In this case a hotel provides the OTA a final sell rate, over which a commission is paid to the OTA by the hotel after the booking at the hotel has been consumed. Example: Booking.com (however, this OTA is shifting more towards the merchant model).

Under a merchant model, the OTA bulk-purchases services such as flights, rooms and activity tickets from tourism providers such as airlines and hotels at a discount and re-sells these products to consumers at a profit. In this case the contract is between the provider and the OTA. Using a hotel booking as an example, the main characteristic of a merchant model OTA is that the guest pays the OTA at the time of booking a room, and the OTA pays the hotel afterwards, when the actual stay occurs. Hotels give OTAs a nett rate, to which a mark-up is applied and then sold to the consumer. Examples: Expedia, Priceline, Agoda and Getaroom.com.

(Travel) Wholesaler

A wholesaler in the travel industry is a company that purchases and distributes travel products such as hotel rooms, flights, transfers, tours & activities to their network of clients. These clients can include tour operators, airlines and OTAs. There are wholesalers that focus on creating a wealth of travel packages for destinations, that are then mostly distributed to coach and group tour operators.

(Retail) Travel Agent

Travel agents sell holidays and other travel products to consumers as in-store travel agents, online agencies and/or call centres (by phone). They offer the consumer a range of holiday packages that have been put together by a tour operator or an OTA and do not, in theory, create, design or put their own packages together. In quarter one 2023, Expedia (OTA) saw their B2B (travel agent based) revenue increase by 55% compared to the same period in 2022.

Travel agents do not act as a 'principal' with respect to booked product. It is the tour operator, whose product has been sold (via the travel agent), that takes responsibility for the holiday; the travel agent does not. Travel agents are mostly ABTA** bonded and do not usually have an ATOL* license. It is the tour operator that should have an ATOL licence in place.

*ATOL is an Air Travel Organisers Licensing which provides financial protection backed by the UK government

**ABTA is the Association of British Travel Agents and is a trade association for UK travel agents, tour operators and the wider travel industry.

2.3 Travel industry figures

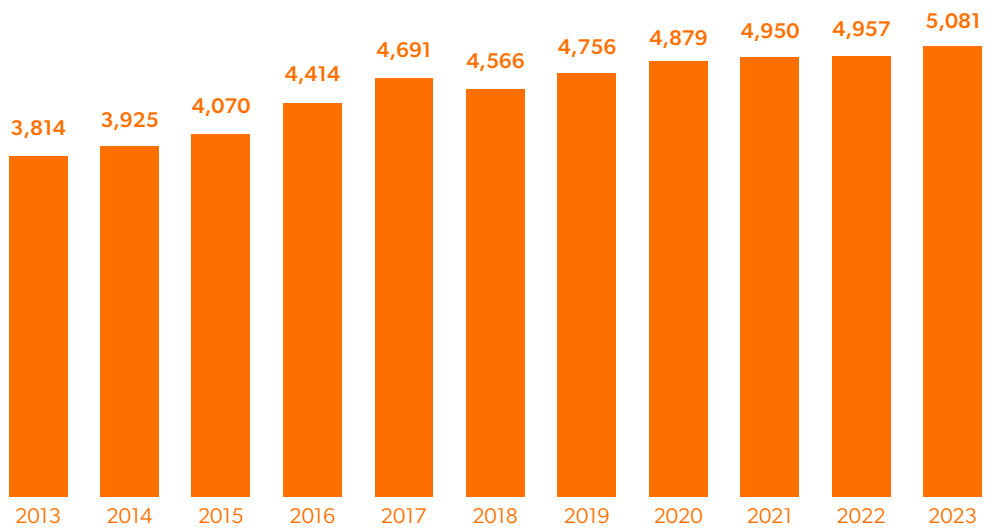
2.3.1 Number of travel businesses

As the graphs below illustrate (figures 2 and 3) the number of travel agent businesses in the UK have increased steadily up to 2022. It is also predicted that in 2023, the number of travel agent businesses will exceed 5,000 for the first time in 10 years. In 2019, the number of tour operators was just over 2,000 and grew slightly in 2020 and 2021. However, the number of tour operators dipped slightly in 2022 to 2,087 businesses, in the aftermath of the Corona pandemic.

The number of tour operators is also forecast to decrease in 2023 to 2,072. However, despite the slight decline in the number of tour operators, as mentioned in section 2.1 (Travel Market Size), the revenue generated by the UK's tour operators and travel agent sector is expected to increase to just over pre-pandemic levels by the end of 2023.

Figure 2

Number of businesses in the travel agency industry in the United Kingdom (UK) from 2013 to 2022, with a forecast for 2023

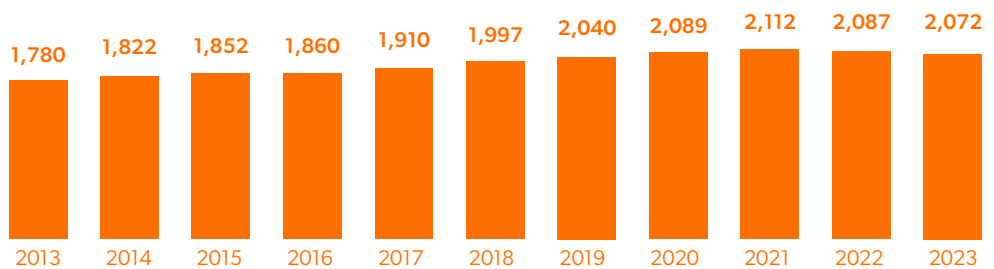


■ Travel agencies

Source: Office for National Statistics (UK)

Figure 3

Number of travel agency and tour operator enterprises in the United Kingdom (UK) from 2008 to 2019



■ Tour operators

Source: Office for National Statistics (UK)

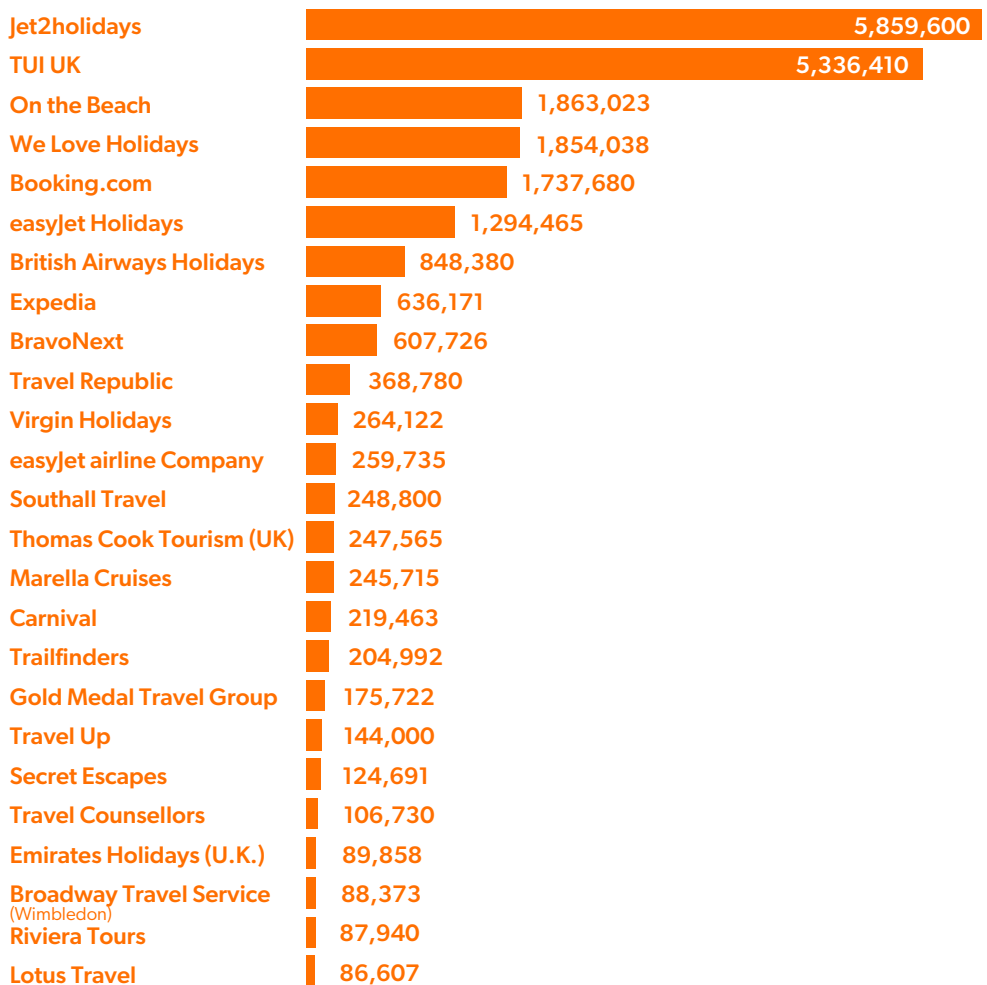
2.3.2 The tour operator segment

The tour operator segment entails a wide variety of different types and sizes of tour operator businesses. The sector is represented by specialist or niche tour operators, coach tour operators, group tour operators, cruise tour operators, school and study tour operators etc. The majority of tour operators that sell air travel are ATOL protected and are legally required to hold such a license. ATOL* stands for Air Travel Organizers’ Licensing. ATOL is the UK’s Civil Aviation Authority’s licensing scheme to financially protect passengers that purchase package holidays and flights from a member tour operator. ATOL currently protects around 20 million holiday-makers each year and is able to provide assistance by requiring ATOL holders to pay a fee of £2.50 for each traveller, which is held in a fund managed by the Air Travel Trust.

Figure 4 shows that jet2holidays has now overtaken TUI UK as the UK’s leading tour operator. It also shows that jet2holidays’ ATOL licence allows it to book holidays for 5.9million passengers each year. Regarding travel from the UK to the Netherlands, key players include Booking.com (5th), easyJet Holidays/airline (6th & 12th), British Airways Holidays (7th), Expedia (8th) and BravoNext (includes lastminute.com; 9th). TUI is predominantly known in the UK for providing beach and sun holidays, but in quarter one 2023, it launched a multimedia campaign to push its city break offering.

Figure 4

Leading ATOL-licensed tour operators in the UK ranked by number of passengers licensed, March 2023



Source: Civil Aviation Authority (UK)

Specialist/niche tour operators

The core market for specialist travel has traditionally been the 55–75 age bracket. The 50plus market is growing further, with the number of births outweighing the number of deaths over the past 80 years. The 55–64 age group has the largest disposable income, accounting for 28% of all media household wealth. This demographic has shown itself to prioritize their health, fitness and leisure time above all else – and they spend money easily on breaks away.

Top 5-Specialist Activities

1. Exploring culture, arts and history
2. Walking and trekking
3. Wildlife
4. Safaris
5. Gastronomy and Wine

The profile of customers wishing to explore a destination's culture, art and history as their primary activity whilst on holiday, is predominantly between 60 and 79, and is open to both tailor-made trips (FIT) and smaller group tours. 41% of travelers who wish to pursue this activity would spend more than £2000 per person on their main holiday, with 25% of respondents willing to spend over £3000 per person. This is more than the majority of other activities on this list suggesting that they are willing to invest more for the expertise required to execute a well-informed cultural trip in return for valuable knowledge about a destination.

Higher value trips traditionally have a longer lead time between booking and actual travel. The most common lead time is 6–12 months, followed by 3–6 months. Based on the season an operator is trying to sell, this knowledge can assist in marketing communications to influence a booking. The travellers who value an operator's specialisms, combined with their personal service, are more likely to book over a year in advance. This echoes the need for investment in customers in order to ensure not only higher value bookings, but also building loyalty with repeat custom. Such loyalty can be generated as a result of a previous good experience with an operator, whether this be first or second hand. Customers with a longer lead time tend to value customer reviews more than those with a shorter lead time. Specialist travellers are not as price sensitive as mainstream holidaymakers, but price is still a concern. Impulse buyers with a shorter lead time of 1–4 weeks are more price sensitive than those booking in advance. For the majority, demonstrated knowledge and expertise, personal service, and tailored specialism is more likely to lead to early bookings.

Coach tour operators

According to research undertaken in 2017 by the CTC (Coach Tourism Council), about 18 million day trips are taken in the UK each year. It is estimated that well over 5 million UK residents go on a short break or longer holiday by coach, spending £1.4 billion a year. The survey was conducted amongst 25,000 people, of which the majority was 55–74 years old, which describes the core target market for coach tourism. From this demographic, 57% travel as a couple, 14% with friend/friends, 12.4% with immediate family and 11.4% alone.

For 80% of the survey respondents, coach holidays are the most popular choice, followed by beach/sun holidays (52%), cruise trips (30%) and holidays by train (13.5%). Their preferences are to take a break of 4 nights or more in the UK (68%), followed by a short break in the UK of 1 to 3 nights (49%) and a longer break abroad of 4 nights or more (45%).

The top five reasons for choosing travel by coach were:

1. **They take the hassle out of travel**
2. **They're a social way of travel**
3. **They offer good value for money**
4. **They're comfortable**
5. **They offer a safe way of travel**

Plus, for 36% of over 65s they are a luxury form of travel.

When respondents were asked which coach holidays they would like to take in the future, the replies were:

1. All-inclusive travel (travel, accommodation, food & drink, and entry to attractions all included)
2. Luxury coach tour (luxury coaches, premium hotels, and upmarket destinations)
3. Special interest coach tour (e.g. history, food & wine, gardens)
4. A mixed flight and coach tour (fly to a destination and tour by coach)
5. A mixed cruise and coach holiday (take a coach to a port, then cruise from there)

Others are interested in battlefield tours, low-cost holidays, tours for singles and mystery tours, as well as family focused holidays.

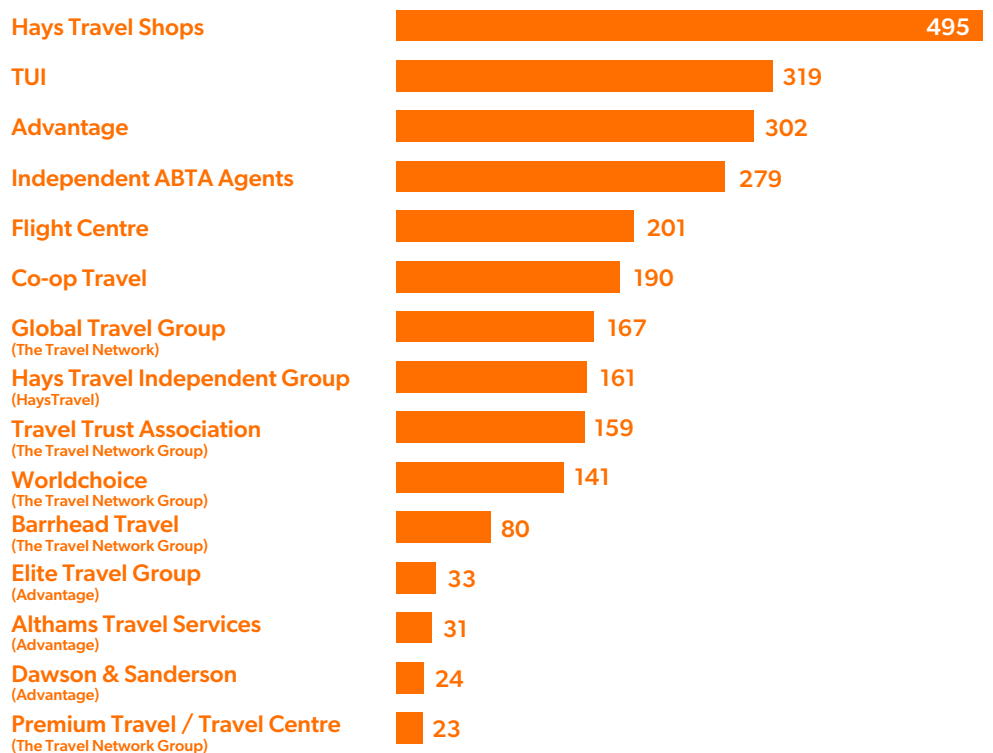
While coach tour operators recognise the need to introduce new destination products for both their new and repeat customers, there is also a recognition that the actual ‘coach product’ needs to be developed to meet the expectations of consumers. Many consider air conditioning to be the norm, as is the ability to charge phones. Some coach operators can now offer wireless charging onboard.

2.3.3 The travel agency segment

As of June 2023, the three biggest travel agents according to the number of retail travel shops are Hays Travel (the biggest), TUI and Advantage who combined operate 1,116 travel shops across the UK. Advantage is part of Advantage Travel Partnership, the UK’s leading consortium of independent travel agencies. It overtook TUI as the second biggest travel agent after the closure of around 350 TUI retail outlets in March 2020, however TUI has once again reclaimed its number two position. The number of travel shops operated by retail travel agents in the UK declined by nearly 18 percent in June 2023 to 3,481 compared to 4,230 in March 2019.

Figure 5

Leading travel agencies in the United Kingdom (UK) of June 2023, by number of travel shops



Source: BP Travel Marketing

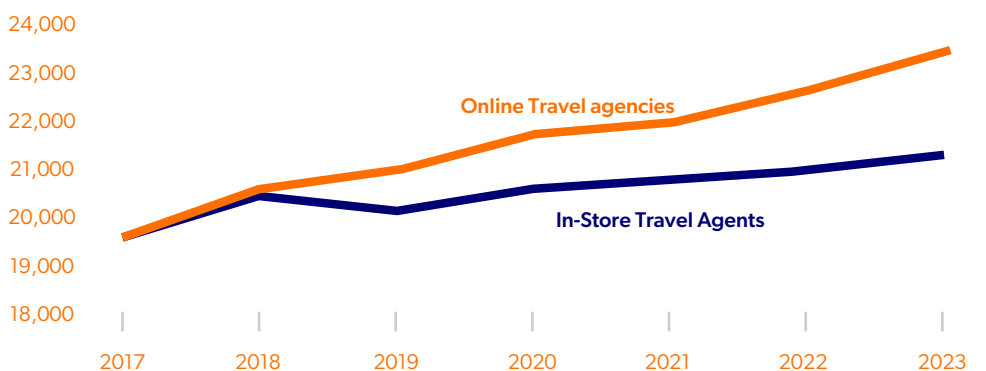


Retail travel agencies vs Online Travel Agencies (OTAs)

It is interesting to take a closer look at the market shares of retail travel agencies and OTA's (online travel agencies). As the graph below shows, 2018 marked the year when the market value of online travel agents (OTA's) overtook in-store travel agents. This is, of course, closely related to consumer booking behaviour and preferences.

Figure 6

Market value of travel agents across the UK, 2017–2023



Source: GlobalData Travel and Tourism Intelligence Center

According to GlobalData, OTA's are now the most typically booked provider with 39% of UK travellers using an OTA in 2019. Travellers can now generally handle all aspects of the booking themselves. Pre-booking, arranging accommodation, hotels, transport, in-destination navigation and post-holiday reviews highlight that the 21st century traveler is not only more independent, but also more powerful than ever before. Reasons for the popularity of OTA's are that they are perceived to offer better prices and value, that the websites are very user-friendly and it enables holidaymakers to compare offers. GlobalData's report, 'Impact of online travel', reveals that evolving consumer attitudes are driving the increasing power behind the online travel industry. All destinations, whether identified as technologically advanced or still developing economically are gradually adapting to online travel trends.

The major OTA's (Online Travel Agents)

In 2019, the OTA's with the largest global revenue share were Booking.com (1st place with approximately US\$ 15 billion), Expedia (2nd place with just over US\$ 12 billion) and in third place was Airbnb with just under US\$5 billion (which increased to almost US\$ 6 billion in 2021). Lastminute.com generated around US\$ 1/3 billion (US\$ 300 million) in revenue, placing it tenth globally.

OTA customers

OTA customers are tech savvy. They shop across multiple devices (omnichannel) and Expedia data reveals that over half of all their customers transactions have touched more than one device prior to booking. Multi-device ownership has become the norm. Consumers are constantly connected to their phone, laptop and tablet, all at the same time, and their purchasing habits are reflecting this. Over a third of OTA customers (36%) are between the ages of 25–39 years. Customers use OTAs for several reasons, including convenience, price, flexibility and financial security. Figure 7 below shows the main reasons why OTA customers would return to use the same OTA again.

Figure 7

What makes a traveller book another trip with the same OTA?



Source: Travelport Digital, End Traveler Research 2019



Photo: Abigail van Kooten Photography

2.4 Travel market developments and trends

2.4.1 The rise of artificial intelligence (AI)

While AI is seen as a way to offer consumers quicker, more efficient and personalised service at a lower cost, some within the travel trade industry fear that it could reduce the workforce, adding to unemployment and de-humanise the booking process to a certain extent. However, some tour operators and travel agents in the luxury and specialised travel sectors are seeing opportunities with AI (and ChatGPT) to relieve staff of the more mundane or time-consuming tasks such as writing a job description or creating policies and instead allow them more time to provide the one to one tailor-made and personalised service that they are renowned for.

Some recent AI developments within the travel trade include Expedia's launch of a ChatGPT powered travel planning service on its app. App users can start a conversation to get recommendations on places to go, where to stay and what to see and do, as well as access exclusive discounts and rewards for their upcoming trip. Any hotels discussed in the chat are saved automatically into a "trip" section of the app, so that users can easily and quickly start to choose dates, select flights and other add-ons such as car rental and activities.

Additionally, Booking.com released its new AI Trip Planner at the end of June 2023 to a selection of its app users in the USA. The Trip Planner utilises Booking.com's existing tools which recommend destination and accommodation options and combines these with ChatGPT technology to provide a new 'chat' experience. Travellers can ask the AI Trip Planner general

travel-related questions or more specific queries regarding potential destinations or accommodation. It can also be used to create an itinerary for a city, country or region and since the AI Trip Planner is integrated into the booking system of app, users can complete a reservation at the tap of a fingertip. Following this pilot, there are also plans to launch the Trip Planner in other markets, such as the UK.

The leading travel agency Hays Travel is also seeing the advantages of incorporating AI in its daily business. Speaking on a panel at the end of 2022, a spokesperson for the company said that consumers' expectations had increased with respect to response times and booking capabilities/speed. Metaverse and virtual technology are seen as opportunities for the future, as is the use of AI to gain quicker and more detailed consumer insights, such as tracking customers' reactions to Hays' social media posts and understanding their behaviour.

2.4.2 Lowering the travel industry's carbon footprint

In recent years, lowering carbon emissions from transport has been a strong focus within the travel industry, particularly the carbon footprint of flying. While the aviation industry aims for net zero carbon emissions by 2050, with many new technologies being developed such as green hydrogen fuel production, electric planes and the urgent drive to increase the availability of sustainable aviation fuel, other modes of transport are also focusing on their sustainability credentials.

While train travel is frequently viewed as being the most sustainable means of international transport due to low CO₂ emissions, rail operators are aware that further improvement can be made to other areas of the business. Some examples of environmental priorities for rail travel are improvement of air quality in all areas used by customers, a reduction in food waste, litter and plastic usage, serving food that is less impactful to the environment, using only renewable energy to power the whole network and reducing paper ticketing.

The International Maritime Organization (IMO – specialized agency of the United Nations with respect to international shipping) set an average target for the reduction of CO₂ emissions across international shipping (including ferries that travel from the UK to the Netherlands), by at least 40% by 2030 and 70% by 2050 (both with respect to 2008 emission data). However, there are calls from elsewhere in the industry for tougher targets to be set, such as net zero carbon emissions by 2050.

The coach industry is keen to point out that one coach-full of people can keep up to 50 cars off the roads and in a report by the Confederation of Passenger Transport, it states that the average carbon dioxide emissions per passenger per journey are around 1.5 times lower than travelling by train and 5 times lower than flying. However, the cost of introducing new ultra-low and zero emission coaches is approximately 75% more expensive than the diesel equivalent. Additionally, it is estimated that installing an electric charging point costs between £20,000 and £35,000, hence requiring a substantial investment.

During ABTA's Delivering Sustainable Travel Conference held in London in May 2023, TUI highlighted that its prime focus is carbon reduction. A TUI representative said that science-based targets had been set across its cruise, airline and hotel businesses to reduce carbon emissions by target dates. Additionally, TUI's 2030 targets include: cutting its airline's CO₂ per revenue passenger km*** by 24% compared to 2019; reducing its cruise sector's total CO₂ emissions by 27.5%; cutting its hotel portfolio's (400+ establishments) carbon emissions by 46.2%. TUI also uses its own 'Green and Fair' logo to highlight to consumers which hotels are certified as sustainable with respect to the Global Sustainable Tourism Council's (GSTC) standards. Booking.com has also implemented sustainability labelling with respect to hotels.

Food waste is also an area which leading tour operators, including TUI UK and easyJet Holidays, are addressing. One food waste reduction example being implemented is to offer less food at each service/mealtime, where a buffet is provided. easyJet Holidays has been trialling new

AI technology aimed at highlighting food waste in terms of cost (e.g. cost of food thrown away and food supplies ordered by the catering team that is wasted). A terminal with a motion-sensing camera is used to collect data quickly, which is then stored in the cloud. Reports are then generated that highlight waste 'issues', giving insights to make operational improvements and hence reduce the amount of food waste moving forward. On average, kitchens using this technology (created by AI experts Winnow) see food waste cut by 50% within 12–18 months and food purchasing costs reduced by 2–8%.

The slow and flight-free travel provider Byway Travel prides itself on being B Corp**** certified and on encouraging its customers to travel more sustainably. Each customer is asked what they would have done differently, had they not booked flight-free travel through Byway. The carbon saving is then calculated using this data. For example, for the financial year 2022–2023, travelling with Byway saved 170 tonnes of CO².

*** per revenue passenger km is calculated by multiplying the number of revenue-paying passengers aboard an aircraft by the distance travelled by the aircraft in km

**** certified B Corporations are verified companies that meet high standards of social and environmental performance, transparency and accountability.



2.4.3 ABTOT – an alternative to ABTA?

For over 70 years, ABTA has been recognised as the 'go-to' association for the travel trade (with around 1,200 companies as members), providing guidance and support for members, and hence ensuring high quality, reassuring and reliable travel experiences for consumers. Although ABTA is approved by the UK government, it is an independent, non-political body that voices the needs of its members to ministers, MPs, members of the opposition parties etc.

ABTOT is the Association of Bonded Travel Organisers Trust and has over 270 members (often specialist holiday providers) in the UK and Ireland. It is approved by the UK government's Department for Business, Energy and Industrial Strategy and operates a regulated financial protection bonding scheme, through which it provides financial solutions for its members. Additionally, ABTOT is a CAA franchise holder, allowing ABTOT members to apply for an ATOL licence through their ABTOT membership and giving them access to discounted ATOL-related fees.

Lastminute.com (the UK's 9th largest ATOL licensed tour operator shown in figure 4) has recently made the decision to leave ABTA and join ABTOT. A spokesperson for the company was quoted as saying, "We believe ABTOT offers a comprehensive range of benefits and services that align more closely with our needs and priorities."

2.4.4 Adapting to the bleisure demand

The popularity of bleisure trips (a combination of leisure and business) has been rising over the past decade, but since the Corona pandemic, the demand has increased further. A survey by Crowne Plaza Hotels and Resorts in 2022 found that 45% of UK respondents planned to add leisure days to future business trips. Bleisure trips tend to fall into two main categories: people who add a few leisure days onto their business trip or people who take their laptop along on a leisure trip and combine their holiday with hybrid working.

A survey by the Expedia Group in 2018 found that 56% percent of respondents were more likely to consider a bleisure trip in a destination with great food and restaurants and approximately 50% highlighted beaches, weather, nature, historical monuments and sightseeing opportunities as important. The survey results also showed that business trips lasting 2–3 nights are most likely to result in bleisure trips (50 percent), as are trips where the business destination is more than 400 miles from home (49%). Additionally, the majority of bleisure travellers spend less time researching than they would for a leisure trip, so, if OTAs, tour operators and travel agents wish to attract this type of visitor through advertising/communications, they have a smaller window of opportunity in which to do so. The Expedia research also found that not all elements of a bleisure trip are booked pre-departure, so there is an opportunity for the travel trade to target such visitors in-destination with dining options, sightseeing tours and activities.

Other considerations when trying to attract bleisure visitors include: pricing accommodation comparatively or favourably for the leisure part of the trip, compared to the business/corporate part; making it easy at the point of booking or after booking accommodation, to extend a business trip for leisure purposes; making it easy to add additional people to a bleisure booking, while allowing payment for different guests to be possible in separate transactions/using a different payment method, hence keeping the business and leisure elements separate.



Photo: Liset Verberne

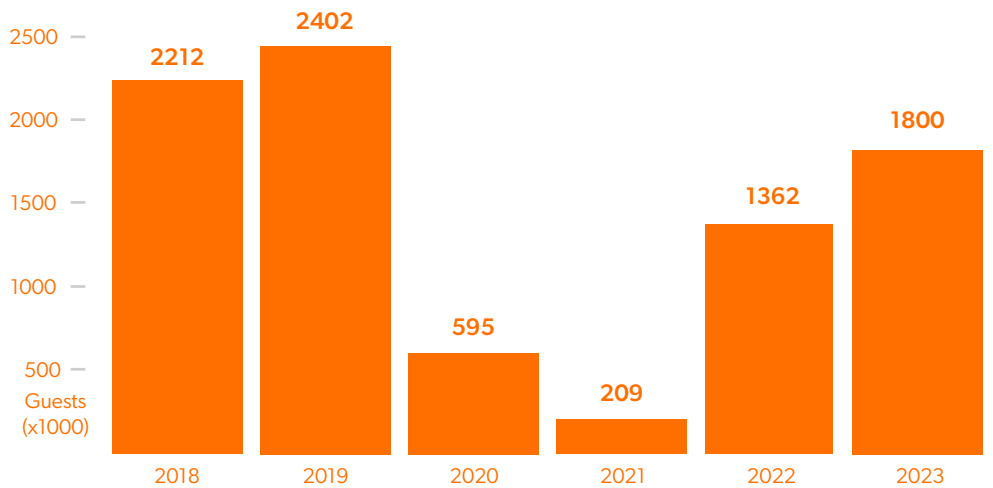
2.5 Market position – Destination the Netherlands

2.5.1 The UK as a source market

The UK ranks third in terms of visitors to the Netherlands, behind Germany and Belgium. In 2019, a record 2.4 million overnight visitors from the UK were received, together spending around €1.6 billion. In 2022, following the easing of COVID restrictions in the Netherlands and the UK, 1.3 million Brits visited the country for an overnight stay and spent around €909.2 million. As the UK’s travel industry continues to recover, a forecast of 1.8 million overnight visitors is predicted for 2023. Two-thirds of visitors from the UK are leisure-focused and one-third are business travellers. In 2022, the total number of UK overnight visitors accounted for 8% of all incoming tourists to the Netherlands (16 million).

Figure 08

UK overnight visitors to the Netherlands 2018–2023



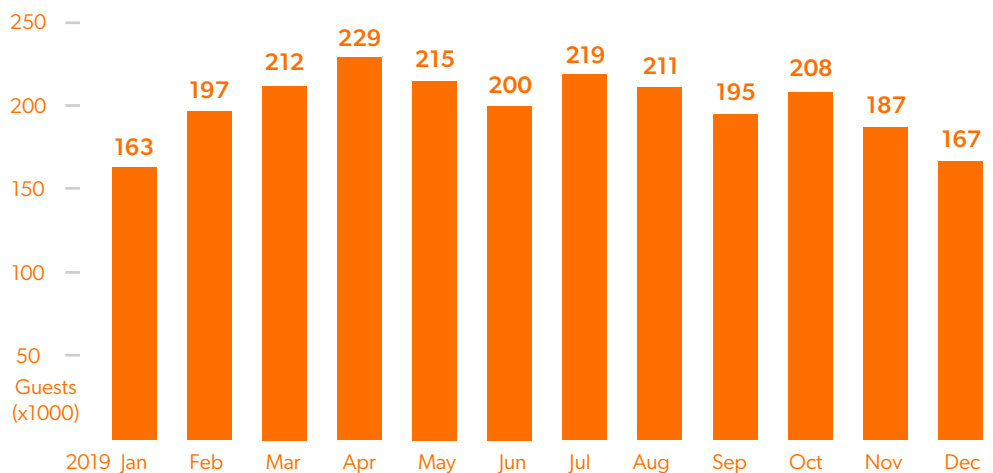
Source: CBS stats

**Forecast 2023 regarding inbound tourism (rounded by 5,000)

As shown in figure 9, in general, UK guests visit the Netherlands all year around, but slightly more in April (tulip season) and in the summer months (July/August), with a slight drop in the winter months of December and January. The figures are for 2019, but this trend is also seen in other years.

Figure 09

UK monthly visits to the Netherlands in 2019 (pre-pandemic)

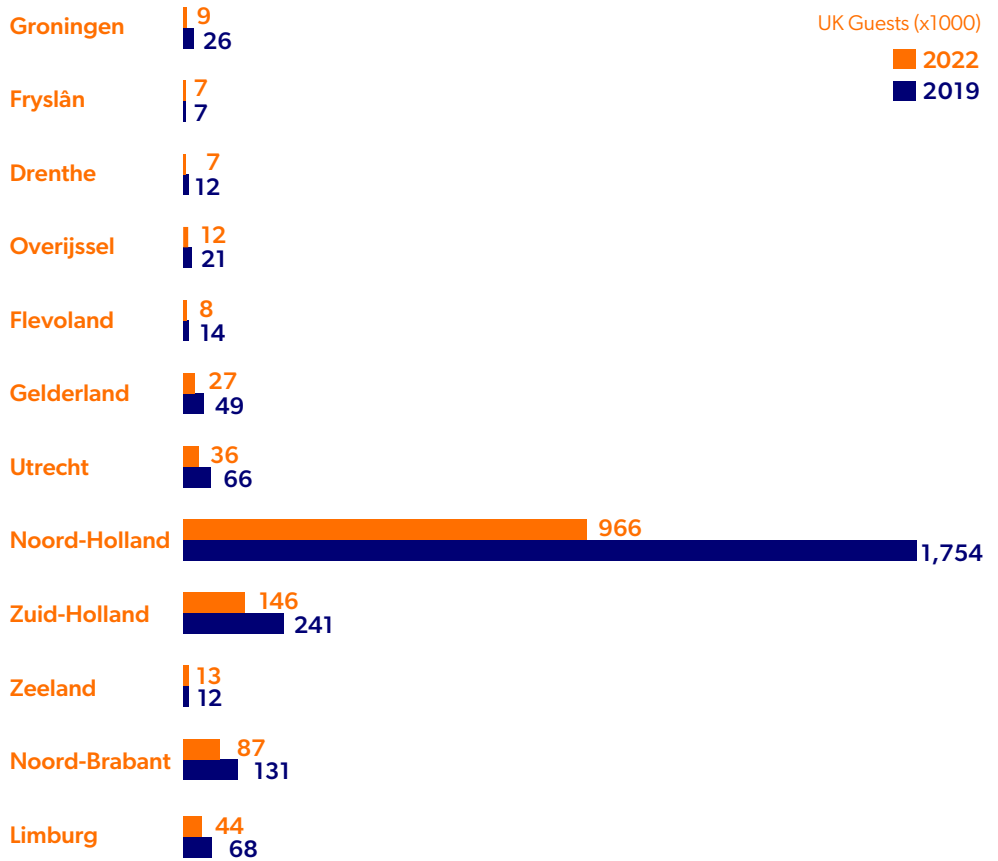


Source: CBS

Figure 10 illustrates that UK visitors mainly stay in the regions where there are big cities (namely Amsterdam, Rotterdam, The Hague, Utrecht, Maastricht, Eindhoven, Arnhem and Nijmegen), highlighting the importance of the UK as a source market for city trips. Amsterdam registers by far the most UK guests; 1.4 million in 2019 (pre-pandemic), accounting for almost 60% of all British overnight guests. However, figure 10 shows that over 26% of UK visitors do stay in regions outside of Noord Holland (based on 2019 data).

Figure 10

Overnight guests from the UK per region 2019 and 2022



Source: CBS

2.5.2 Relevant target groups

Historically at NBTC, we have mainly focused on visitors from Greater and Central London and the Southeast of England. These account for around 50% of all UK guests in the Netherlands. Londoners and residents of South East England tend to be worldly, cosmopolitan, open-minded and modern. Other key areas in the UK are the Midlands and the North of England (particularly the City of Manchester and the Greater Manchester area), mainly due to the connectivity of these regions (and hence the potential to travel overseas) and consumers’ awareness of the Netherlands. It is also to be expected, that in the regions mentioned above, the values and trends of eco-consciousness, sustainability, slow travel, etc. are of great importance to many residents. These types of visitors, who mirror the Netherlands’ key attributes of inclusivity, creativity and openness, are defined by the NBTC as the ‘valuable visitor.’

The UK is well located with respect to travel to the Netherlands, particularly sustainable travel. For example, the Eurostar connection from London to Rotterdam and Amsterdam serves primarily London and the Southeast. There are also ferry connections, namely Harwich (Essex) to Hook of Holland, Hull (Yorkshire) to Rotterdam, Newcastle (North of England) to IJmuiden and flight connections into Amsterdam Airport Schiphol, Rotterdam/The Hague Airport and Eindhoven Airport across the country. Although ferries and planes are currently considered to be less

sustainable compared to the train, these modes of transport have implemented sustainable initiatives and targets which they need to meet, and they also play a key role in bringing the valuable visitor to the Netherlands.

Key facts about the UK's valuable visitor

Age breakdown:

- 25–54 years old = 55%
- 55–70 years old = 25%
- 18–24 years old = 20%

- 55% have children, 45% are without children, 40% are single
- Highly educated; mid-high income
- Working status: employed (full time 41% and part time 14%)

The majority (over 50%) of the target group are:

- Active, innovative/entrepreneurial, confident, tolerant (inclusive), friendly world citizens and they believe in equality
- they are internationally oriented and interested in different cultures and backgrounds
- they value their freedom and independence, but are not selfish and they are socially minded
- their career and ambition are somewhat important, but the work context is not about wealth and status, it is about self-development
- primarily books travel with an OTA



Photo: Claire Droppert

2.5.3 The UK and the Netherlands' product offer

The Netherlands is a very popular stand-alone destination or as a combination with Flanders or Germany. For the UK consumer it is one of the most popular European destinations and 34% of annual visitors are repeat visitors, who visit the Netherlands more than once every three years. Geographically, the Netherlands is very close by and easy to reach by plane, rail and sea. The current Netherlands offer in the UK focuses on either city trips or special interest themes such as arts and cultural heritage.

Since many travel businesses need to generate income rapidly post-pandemic, a number of tour operators are currently very Amsterdam focused. However, some tour operators such as Byway Travel are venturing outside of Amsterdam and offering product such as the Wadden Islands, Breda, Maastricht and Apeldoorn. Travel Editions is highlighting Van Gogh related product in Gelderland and Brabant and the wholesaler Great Days is pushing product in Rotterdam. Plus, cycling operator Love Velo is featuring cycling holidays off the beaten track, including routes such as Burgh Haamstede to Brielle to Willemstad and on to Zierikzee. There are many more examples within the UK travel trade of product outside of Amsterdam being promoted, as shown below. Additionally, OTA's tend to have a large, nationwide product portfolio and offer accommodation in the lesser known regions on their platforms.

Examples of cities and regions included in wholesalers and tour operators' programmes are:

- City trip focus: Amsterdam, Rotterdam, The Hague, Utrecht, Delft, Maastricht and Eindhoven
- Battlefields/WWII: Gelderland, Arnhem
- Spring season: Keukenhof, various flower parades
- Garden tour of the Netherlands: Aalsmeer, Leiden, Amersfoort, Gelderland and Rotterdam
- Holland Classics: Zaanse Schans, Kinderdijk, Volendam, Gouda
- River Cruises: Gelderland, Amsterdam, Hoorn, Lelystad, Rotterdam, Enkhuisen, Dordrecht
- Christmas Markets: Maastricht/Valkenburg
- Dutch modern architecture tour: Utrecht, Hilversum, Rotterdam
- Art tour: Haarlem, Amsterdam, Utrecht, Otterlo, The Hague, Amsterdam, Leiden
- Gastronomy and the 17th Century: Yerseke, Dreischor, Utrecht, Rotterdam, Leiden, Amsterdam, Lunteren, Zwolle

Short breaks to the main Dutch cities are promoted year round in the UK, which offers more competitive pricing opportunities and encourages seasonal spread. Some Netherlands' product offerings are seasonal, for instance, those focusing on tulips or Christmas, but there are opportunities to promote product at different times of the year, particularly as most tend to visit from the UK without children (only 12% travel to the Netherlands with children under the age of 18) and so, do not appear to be tied to travelling during the school holidays. Plus, some tour operators focus on the older demographic, who do not have school age children or are retired, giving them more freedom in terms of travel periods.



2.6 SWOT UK market

+ Strengths

- Nearby market, short travel distance
- Easily accessible by rail, air and sea
- The Dutch are perceived as hospitable and friendly
- The Netherlands has a positive reputation in the UK
- High interest for Dutch art, architecture and culture
- The Netherlands is a popular destination for short breaks and city breaks
- English is widely spoken in the Netherlands
- Brits travel year-round to the Netherlands
- The Netherlands is seen as friendly, welcoming, modern, eco-responsible and open by Brits
- UK visitors can now use their debit and credit cards on public transport
- The Netherlands has an extensive public transport network

— Weaknesses

- The Netherlands does not have a beach holiday climate
- Amsterdam is (still) the most popular city trip destination in the Netherlands
- Image of the Netherlands/Amsterdam is not always positive, e.g. red light district, drug industry
- Country often referred to as Holland instead of the Netherlands
- The Netherlands is mainly known for its traditional icons and Amsterdam

💡 Opportunities

- The British pound is slightly stronger than the euro
- Closeness of UK to NL makes it an ideal city break destination
- Brits spend on average € 715 per person per overnight stay (including transport to NL)
- Length of stay of UK visitors in the Netherlands is increasing
- UK population is becoming more conscious of sustainability and its importance
- By 2050, 1 in 4 British people will be of retirement age or older and not restricted by working hours or school holidays

⚡ Threats

- There are many city-break destinations in Europe to choose from
- EU entry requirements for British people have become stricter since Brexit
- International train travel prices can be high, particularly close to departure
- Staff shortages at some airports can lead to delays at security/check-in/baggage control
- Introduction of registration and €7 fee for non-EU citizens visiting EU from 2024
- Potential weakening of GBP against the euro
- High inflation rate in the UK, meaning less disposable income

3

Conclusion and recommendations

Final thoughts on the main findings of this report and how these can provide opportunities for the Netherlands.

A positive outlook for The Netherlands

Long term opportunities for the Netherlands

NBTC's incoming tourism research in 2022 showed that 48% of UK visitors used the travel trade (OTA/tour operator/travel agent) to book a package holiday (can include transport, accommodation, activities, car hire etc.) for their visit to the Netherlands. Also, of those who did not book a package holiday, 63% still used the travel trade to book their accommodation. This consumer behaviour illustrates the importance of the UK travel trade in the booking process and as highlighted earlier in this report, it also plays a significant part in the inspiration and planning stages of the customer journey.

As highlighted, British visitors to the Netherlands visit year-round in similar numbers, and already visit areas outside of Amsterdam and Noord Holland. Although numbers staying overnight in other regions are currently lower than those staying in Noord Holland, this dispersion of UK visitors shows that there is an opportunity to encourage visits to other areas. However, there are a number of things that need to be considered in order to do this:

- A change in UK consumer behaviour will not happen overnight, it will take time and effort, but there is an opportunity to attract a visitor with a strong interest in Dutch art, culture, history, and traditions and a high spend per person per stay (€715 including transport to NL).
- It is essential to inform and regularly update UK travel trade organisations about new and existing product ideas in the Netherlands, particularly those that have the potential to increase their portfolio. N.B. before approaching UK travel trade companies, make sure that you understand their core client/target audience first and ensure that the product you are offering will meet the needs and wants of their end user, the consumer.
- It is not always possible for the UK travel trade to add your product to its portfolio immediately, even if they see strong potential in it. Many work 1–2 years in advance, so it is likely that you will need to be patient and wait, while still keeping in contact with the operator until they are able to upload your product for sale.
- As part of your 'product-story' there is a need to show the UK travel trade how easy it is to travel around the Netherlands, particularly by public transport or by road. During your 'pitch' moment(s), show locations in the Netherlands on a map and highlight in terms of travel time (by public transport/road) how close the places are to the main arrival points into the Netherlands for Brits.

To conclude, since research shows that the UK's 'valuable visitor' primarily books travel with an OTA, this segment will be one of NBTC's focus areas. Additionally, programme diversification and innovation are essential to fulfil Perspective 2030 goals, and tour operators and specialist tour operators play a crucial role in this. Furthermore, wholesalers are also of great importance, due to their reach among tour operators.

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