

Written evidence submitted by VisitBritain (TOU0012)

About VisitBritain:

The BTA (British Tourist Authority) is the national tourism agency, operating as a non-departmental public body funded by DCMS. VisitBritain promotes Britain overseas and is a delivery partner of the Cabinet Office's GREAT campaign. We have offices in 19 countries across the globe, representing over 70% of the inbound value to Britain, and are often co-located with FCDO colleagues.

Our role is to drive immediate tourism recovery from the COVID-19 pandemic by building back visitor spend as quickly as possible and supporting the industry.

As well as international marketing, we support the wider visitor economy by ensuring Britain is sold in international markets - connecting trade partners, hosting events to connect buyers and suppliers, and promoting positive stories of Britain to the international media and using our social and digital channels. We also have a business events team that pitches for events in key sectors from AI to life sciences to be hosted in the UK.

The BTA also has a statutory duty to advise Government on tourism policy, to do this we draw on our expertise, industry engagement, and detailed research.

1. How attractive is Wales as a holiday destination for international tourists?

Prior to the pandemic, Wales' picturesque countryside, award winning beaches and vibrant cities were attracting just over a million international visitors a year. Total expenditure by international visitors in 2019 was £514.6m - up 18.8% compared to the previous year¹.

By comparison, in the same period, Scotland received 3.46m international visitors with total expenditure of £2.54bn (up 6.7% on the year before)². England (excluding London), received 16.9m international visitors with total expenditure of £9bn (up 9.6% on the previous year)³.

International visitors to Wales in 2017-19 came primarily from the Republic of Ireland, accounting for 16% of all international visits to Wales), followed by the USA, Germany, France and the Netherlands⁴.

International visitors are particularly drawn to Wales for its countryside and coastlines. International Passenger Survey data for 2014-19 shows 27% of visitors to Wales were intending to visit the countryside and villages, 34% were going to the coast and 37% were planning to walk or hike⁵.

¹ <https://www.visitbritain.org/nation-region-county-data?area=4000>

² <https://www.visitbritain.org/nation-region-county-data?area=3100>

³ <https://www.visitbritain.org/nation-region-county-data?area=1000>

⁴ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight_174_regional_spread_of_inbound_tourism.pdf

Wales is the second most popular British region for sport amongst international visitors, both going to a live sports event (which is three times as common among visitors to Wales, compared to visitors to the UK as a whole) and taking part in sporting activities⁶.

Visitors to Wales are also keen to socialise with locals (40%), go to pubs (52%), eat in restaurants (65%), shop (50%) and visit famous monuments and buildings (38%)⁷ – illustrating Wales’ special and diverse appeal.

The summer months of July, August and September were the most popular time for international visitors to Wales in 2019. However, 30% of visitors also came between April and June - which is the highest proportion of visitors in the ‘spring shoulder season’ of all nations and regions.⁸

2. Why is the number of international visitors to Wales comparatively low as a share of the UK total?

VisitBritain research into why many international visitors do not travel beyond London (2013), indicated that this was chiefly linked to transport concerns and a lack of information on what there would be to see and do in other destinations.⁹

- In relation to transport, concerns centred on a nervousness about driving in Britain, travel costs and the time required for journeys.
- In terms of the appeal of visiting other destinations, visitors either did not know what experience they could expect in other areas; or took a decision to prioritise attractions in London during their stay.
- The researchers also noted that consumers at this time were increasingly seeking holidays that are “experiential” with everyday culture, food, accommodation and unique ‘once in a lifetime’ experiences being ranked as key to making a ‘great holiday’.
- The research found that the US and France had limited knowledge of Wales’ offering as a destination, while Germany and Norway had positive perceptions of the Welsh culture, people, and landscapes.

3. Does Wales have a sufficiently strong “brand” internationally and what more could be done to promote Wales as a holiday destination abroad?

VisitBritain are partners of the GREAT campaign, led by Cabinet Office. The GREAT brand is used in our international marketing activity, which promotes Britain as a destination.

Within our international marketing we ensure that Wales is represented in every campaign and featured regularly in content pieces. We facilitate this by:

⁵ <https://www.visitbritain.org/inbound-countryside-coast-research>

⁶ https://www.visitbritain.org/sites/default/files/vb-corporate/foresight_165_regional_activities_sep_21.pdf

⁷ https://www.visitbritain.org/sites/default/files/vb-corporate/foresight_165_regional_activities_sep_21.pdf

⁸ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight_174_regional_spread_of_inbound_tourism.pdf

⁹ <https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/2013-7%20%E2%80%98Beyond%20London%E2%80%99%20Research.pdf>

- Asset sharing with Visit Wales, we have access to their image library allowing us to use the best of Welsh imagery throughout our activity. We also work closely with Visit Wales' teams to source the right assets to help tell their story.
- Collaboration between VisitBritain and Visit Wales PR teams to facilitate knowledge sharing on Welsh product and stories that can be used in our consumer facing marketing and PR campaigns.
- Including Wales in our programme of 'educational' trips for international travel buyers (see question 8).

4. How has the COVID-19 pandemic impacted the tourism industry in Wales?

The COVID-19 pandemic has had a severe impact on both domestic and inbound tourism across Britain. Prior to the pandemic, tourism was contributing approximately £127bn a year to the UK economy and was worth 9% of GDP. Inbound tourism was the third largest service export and the UK was attracting more than a third of all hotel investment in Europe.

VisitBritain's forecast for Wales indicated that the number of international visitors to Wales fell from just over a million in 2019, to 135,000 in 2021 (a fall of 87%). Inbound spend to Wales was predicted to fall from £515m in 2019 to £79m in 2021, down 85%.

VisitBritain forecast that Wales will see 463,000 international visitors in 2022 (45% of 2019), spending a total of £275m (53% of 2019). This equates to a loss of £240m to the Welsh economy¹⁰.

The industry supports 3.2m jobs in every part of the UK, and incorporates over 200,000 SMEs. VisitBritain estimate that £294 million was lost to the economy every day in 2020 alone from the loss of tourism spend.

We have continued to monitor attitudes amongst international travellers during the pandemic via our COVID-19 sentiment tracker, in partnership with Visit Wales, VisitScotland and London & Partners¹¹.

- Latest findings (February 2022) showed the highest travel sentiment since research began in 2020 with 83% saying they want to take an international leisure trip in the next 12 months and 54% saying they definitely would.
- In terms of destination planning within Britain, 18% of respondents said they were interested in visiting Wales and in the next 12 months, and there is high interest in both Cardiff (76%) and Swansea (60%) for potential visitors.

Other findings from the survey show that:

- Visitors to Wales are most interested in large cities (56%) and roaming around visiting many types of places (55%). But they are also much more likely to want

¹⁰ VisitBritain forecasts were last updated February 16th 2022.

¹¹ <https://www.visitbritain.org/inbound-covid-19-sentiment-tracker>

to visit coastlines (49%) compared to those who intend to visit other nations/regions in Britain.

- Our research shows that there was still opportunity to influence visitor choices ahead of trips with only 10% of those who were intending to visit Wales having booked their trip at the time of survey in February 2022.
- Finally, it is encouraging for Tourism in Wales that travellers from the Irish Republic, France, and the USA show some of the most positive sentiment towards travelling abroad in the next 12 months as these have been 3 of the 5 biggest markets for international visitors to Wales.

However, while there are many reasons to look forward to visitor numbers increasing in 2022, such as the Unboxed Festival, the competitive environment and length of recovery period must not be understated – other destinations are investing large sums of money in tourism promotion, such as the \$30m campaign to promote New York City, and VisitBritain/Oxford Economics forecasts find that we are not expected to return to pre-pandemic levels until 2025.

5. What will be the impact of a return to the 20% rate of VAT from April 2022 for the tourism industry in Wales?

VisitBritain welcomed the Government's decision to reduce the rate of VAT for the tourism and hospitality sectors. This provided vital financial breathing space for the more than 200,000 SMEs in the visitor economy, as they faced the devastating impact of the pandemic.

We have a statutory duty to advise Government on tourism policy, and regularly meet with industry in order to inform this role. We know that the sector is calling for the VAT rate to be retained at 12.5% and have been feeding this back during our discussions with DCMS.

Research by VisitBritain indicates that international visitors already view the UK as a very expensive country to visit, with only 22% of respondents to the Anholt-GfK Nation Brands Index Survey saying that they consider Britain to offer good value for money.¹² Once the VAT rate on hospitality returns to 20% this has the potential to make us less competitive relative to other tourism markets.

Many European countries have a reduced rate of VAT for hospitality businesses, such as hotels, restaurants and amusement parks. Returning to a 20% rate of VAT would mean the UK would once again have one of the highest European VAT rates for the hospitality sector. For comparison:

- France has a reduced rate of 10% VAT for entrance to cultural attractions, hotel accommodation and the purchase of food and non-alcoholic drinks in restaurants.¹³
- Germany has a reduced rate of 7% (as of July 2020) for hospitality, restaurants and cafes.¹⁴

¹² https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight_156_-_britain_and_competitors_v2.pdf

¹³ <https://www.avalara.com/vatlive/en/country-guides/europe/france/french-vat-rates.html>

¹⁴ <https://www.avalara.com/vatlive/en/country-guides/europe/germany/german-vat-rates.html>

- The Netherlands has a reduced rate of 9% for cultural attractions, hotel accommodation and the purchase of food and non-alcoholic drinks in restaurants.¹⁵
- The Republic of Ireland has a reduced rate of 13.5% for tourism and hospitality services.¹⁶

Our latest wave of domestic consumer sentiment research is showing that personal finances (31% of respondents) and rising costs of holidays/leisure (22%) are top barriers to domestic travel, with concern about catching COVID and government restrictions slipping to 14% and 12% respectively.¹⁷

The Cut Tourism VAT campaign, which is calling for VAT to be brought into line with competitor destinations within the European Union, has found that reducing Tourism VAT will deliver £4.6bn to HM Treasury, create 121,000 jobs and improve UK exports by £23bn over the next 10 years.¹⁸

In Wales, they estimate that applying a 12.5% rate of VAT on accommodation and attractions, would generate an additional £92m in regional turnover. While applying a 12.5% VAT rate to 'Out of Home' Meals would generate an additional £178m in regional turnover for Wales in 10 years.¹⁹

6. What would be the potential implications for Wales' attractiveness to international visitors of a tourism levy?

VisitBritain have a statutory obligation to advise the Government on tourism policy and we work closely with stakeholders across the visitor economy to inform our advice. The wider industry has expressed clear concerns in the past about the introduction of a levy.

When the Scottish Government consulted on the introduction of a 'Transient Visitor Levy', UK Hospitality Scotland warned this would be a "costly and bureaucratic burden on accommodation providers" and would make Scotland "less competitive as a leading tourism nation".²⁰

VisitBritain's view is that it would be inadvisable to introduce a levy that would increase the costs of hospitality and tourism services, when our sector is focussed on driving up visitor numbers in the wake of the pandemic.

The Government's Tourism Recovery Plan set an objective to: *"recover domestic overnight trip volume and spend to 2019 levels by the end of 2022, and inbound visitor numbers and spend by the end of 2023 – both at least a year faster than independent forecasts predict"*.

¹⁵ <https://www.avalara.com/vatlive/en/country-guides/europe/netherlands/dutch-vat-rates.html>

¹⁶ <https://www.avalara.com/vatlive/en/country-guides/europe/ireland/irish-vat-rates.html>

¹⁷ https://www.visitbritain.org/sites/default/files/vb-corporate/covid-19_consumer_tracker_report_wave_44_final.pdf

¹⁸ <https://www.cuttourismvat.co.uk/wp-content/uploads/2022/02/The-Impact-of-Reduced-VAT-on-UK-Hospitality-Tourism-FULL-REPORT-February-2022.pdf>

¹⁹ <https://www.cuttourismvat.co.uk/wp-content/uploads/2022/02/The-Impact-of-Reduced-VAT-on-UK-Hospitality-Tourism-FULL-REPORT-February-2022.pdf>

²⁰ <https://www.ukhospitality.org.uk/page/TouristTax>

A levy which increases the cost of hotel accommodation will particularly discourage overnight stays – working against the Recovery Plan’s ambition to increase overnight trip volume in the next year.

Overnight stays are also far more valuable to the sector and to local economies than day trips. In 2019 tourism day visits in Britain saw an average spend of £41 invested in the local community, compared to £73 (per night) for overnight holiday trips.

In short, a levy on accommodation will not retrieve income from day visitors and will make it harder to convert these lower spending day visitors into higher spending overnight visitors. This impact is likely to be even more acute in the current financial climate, as we know personal finances are now cited as the biggest barrier to taking a domestic holiday.²¹

Finally, it should be noted that, although many European destinations do operate a tourism levy, as outlined in response to the previous question, in the main they have lower rates of VAT for hospitality and tourism businesses.

7. What steps are needed post-pandemic for the tourism sector in Wales to recover and grow its international appeal?

VisitBritain’s new £10m international marketing campaign, launched in February 2021, features Cardiff. The campaign is focused on driving demand for cities, as research shows city destinations have been particularly negatively impacted by the lack of international visitors. The campaign is running globally on VisitBritain channels, with paid media purchased in the USA, France, Germany, Italy, the Netherlands and Spain.²²

VisitBritain are also supportive of the objectives of the Government’s Tourism Recovery Plan, which aims to ensure our industry recovers and thrives in the aftermath of the pandemic. We are working closely with partners in the UK Government to ensure sufficient resource is allocated to deliver on these ambitions.

As set out in the Plan, we are working with DCMS to explore the potential to “continue and expand some of the world-class projects developed by the award-winning Discover England Fund beyond the English borders and into Scotland and Wales, building on the recent expansion of the National Parks Experience Collection to cover Wales. This will include facilitating conversations between devolved administrations and established Discover England Fund projects who wish to extend and collaborate in this way”.²³

We also welcome the outcome of the Union Connectivity Review into how the UK Government can level up transport infrastructure and increase connectivity between Scotland, Wales, England and Northern Ireland. The final report, published in November 2021 makes several key recommendations to improve the connectivity of Wales benefitting the tourism industry and breaking down the barriers reported earlier in this evidence.

²¹ <https://www.visitbritain.org/covid-19-consumer-sentiment-tracker>

²² <https://www.visitbritain.org/visitbritain-launches-multi-million-pound-global-campaign-drive-inbound-tourism>

²³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/992974/Tourism_Recovery_Plan_Web_Accessible_.pdf

8. How can the UK and Welsh Governments and bodies like VisitBritain and Visit Wales better work together to make Wales a more attractive destination for international visitors?

To encourage more visits to Wales, every year VisitBritain outlines how we will work with Visit Wales as part of our business planning cycle. To complement this process and facilitate engagement, VisitBritain and Visit Wales work together through a number of groups which operate at levels ranging from senior to operational. The groups meet on a quarterly basis and are composed of representatives from VisitBritain, Visit Wales and the other national tourist boards. The groups include:

- CEOs – The Chief Executives of the national tourist boards and VisitBritain used to meet quarterly. Although the meetings have been disrupted by the pandemic, VisitBritain are keen to reinvigorate them.
- Britain Marketing Board – The marketing directors of the national tourist boards and VisitBritain meet quarterly, along with other relevant stakeholders.
- Interboards – These groups discuss operational aspects of VisitBritain and the national tourist boards' work. There are groups for planning, digital, press & PR, B2B and research and evaluation.

Both parties engage each other early in planning and actively seek opportunities to work together where this would deliver enhanced returns, on areas including policy, operations and consumer and trade marketing. For instance, jointly commissioning research, running joint familiarisation trips for international media and trade, joint marketing promotions on territory and working together with commercial partners.

To give some examples of recent collaboration:

- VisitBritain and Visit Wales collaborated on the design, roll out and governance of 'We're Good To Go' - the official UK mark to signal that a tourism and hospitality business has worked hard to follow Government and industry COVID-19 guidelines and has a process in place to maintain cleanliness and aid social distancing. We sit together on a 'Common Standards' group to ensure there is a cohesive approach to assessments across the nations.
- The VisitBritain central PR team and overseas PR offices work actively with Visit Wales (particularly with their key markets). We have worked together with Visit Wales to welcome media on press visits from Spain and Germany. Another trip for North American and a second trip for Spanish El Pais on the Welsh Coast has recently taken place.
- In March 2022, as part of ExploreGB, VisitBritain brought 4 buyers from the Netherlands to visit North Wales, where they stayed in Llandudno and visited destinations such as Conwy Castle, National Slate Museum, and the Penderyn Llandudno Distillery.
- VisitBritain is working with Visit Wales on influencer trips in March to support the new campaign, Welcome to Another Side of Britain, to encourage international visitors back to key cities including Cardiff.

- VisitBritain's CEO has attended the Devolved Administrations' Inter-Ministerial Group for Tourism and provided an update on VisitBritain's international marketing plans for the new year.
- Wales was featured in a new Bond themed itinerary on the media centre (Canada) around the opening of the new film.
- VisitBritain include updates from Visit Wales in our core VisitBritain documents which inform our PR pitches and content which are shared with international media. The documents include the What's New and What's On in Britain and pitches on international media centre websites.
- Visit Wales attended Destination Management and Supplier virtual workshops in October last year.
- The overseas offices send out Welsh pitches to their media contacts and also on trade newsletters. For example the US team shared Welsh 2022 stories at their International Media Market Conference in January 2022.
- VisitBritain Research has been working with Visit Wales, as well as VisitScotland and London and Partners since 2020 to jointly fund research for both the International and Domestic Covid-19 Sentiment Tracker which has been tracking sentiment to travel abroad, and domestic intent to holiday within, Britain during the pandemic.
- Visit Wales have signed up to Tourism Exchange GB (TXGB) – a B2B platform developed with VisitEngland, which connects tourism businesses, booking systems, distribution channels and the end consumer - all from one central place.

VisitBritain also hold regular industry facing events with Visit Wales and Welsh destinations, that support in the promotion of Wales as both a leisure tourism and a business event destination. Some further examples of activity we have run over the last six months are as follows:

- In September 2021, we organised a dedicated destination spotlight webinar, which included presentations given by key Welsh regions and suppliers, to North American buyers (plus virtual networking).
- In February 2022, at MeetGB (our virtual exhibit of UK destinations, venues and business event suppliers) eight exhibitor booths were allocated for Welsh suppliers (free of charge) to meet with event buyers across the 3-day meeting workshop.
- VisitBritain organised a sustainability roundtable in partnership with Global Destination Sustainability Movement in March. This was attended by VisitWales, Cardiff, ICC Wales, North Wales, and took place in Llandudno. Sustainability toolkits, created alongside this roundtable, will be distributed to Wales and all regions soon. We are also preparing toolkits with information on national sector strengths, to support event proposals, and a legacy toolkit to include in conversations with organisers. These will be distributed in the next month.

For the year ahead, VisitBritain funding for Business Events has been reduced from £1m to £500k in 2022/3 and there will be no GREAT funding for Business Events. Reduced funding will mean activity around the creation of new business events to support key sector priorities and attract new foreign visitation and investment will not

be possible. VisitBritain will continue to prioritise the business events growth programme in the coming financial year, which we know is also a priority for Wales.

9. Has the UK Government's tourism Sector Deal achieved its aims of making Wales more accessible and improving conditions for domestic and international visitors?

The Sector Deal was intended to increase productivity in the tourism and hospitality industries and grow the workforce and infrastructure, ahead of projections for a further 9 million visitors to Britain per year, by 2025.

In light of the unprecedented challenges to the sector posed by the pandemic, the Government's Tourism Recovery Plan, developed in consultation with VisitBritain, replaced the Tourism Sector Deal while aiming to build on the foundations it laid out.

The Recovery Plan sets a clear ambition to get the sector back on track by recovering domestic overnight trip volume and spend to 2019 levels by the end of 2022, and inbound visitor numbers and spend by the end of 2023 – both at least a year faster than independent forecasts predict.

10. What infrastructure and transport reforms are needed to make it easier for international tourists to reach Welsh destinations and attractions?

As outlined in the Tourism Recovery Plan, VisitBritain has been working to develop new domestic rail tourism product in collaboration with the Rail Delivery Group, building on the successful model currently on offer for international visitors. This product will make it easier for visitors to explore Wales by train by offering a single ticketing solution.

As set out in the answer to Question 7, VisitBritain are working with DCMS to explore the potential to continue and expand some of the projects developed by the award-winning Discover England Fund into Scotland and Wales, building on the recent expansion of the National Parks Experience Collection to cover Wales. This will include facilitating conversations between devolved administrations and established Discover England Fund projects who wish to extend and collaborate in this way.

We know that many international visitors lack the confidence to explore the country's wider scenic beauty, heritage and culture offering; unless they are part of an organised tour, or have prior knowledge of travelling by rail in Britain. Improving connectivity, particularly between major train stations and the attraction a visitor is trying to reach (referred to in our sector as the 'final mile'); and ensuring the availability of up to date and easy to access information, will help to boost traveller's confidence in venturing beyond traditional destinations.

No matter how appealing a tourist attraction might be, if visitors are not provided with a clear and simple way to travel there, they are likely to choose to go elsewhere. Working together, transport providers and attractions on their routes, can greatly simplify this process for visitors. For instance, by providing a shuttle bus from the station to the attraction itself (Warner Bros. Studio Tour London being just one

example of this in action); or giving cost incentives for using public transport (such as a 2-4-1 admission voucher) for guests who have travelled by train.

11. How can Wales increase its share of international tourism while meeting the UK and Welsh Governments' respective decarbonisation commitments?

In 2019 79% of inbound visitors reached the UK by air. VisitBritain supports the goals of the Sustainable Aviation group, which has committed to UK aviation achieving net zero emissions by 2050. Improving the sustainability of aviation is an integral element in making the UK a world leader in sustainable tourism and travel.

In our post-COVID consumer sentiment tracking, we do find that international travellers are thinking more about the environmental impacts of their holidays (63%).

VisitBritain has itself been reflecting on the action we must take to become more sustainable and support the sector in the transition to sustainable and decarbonised practices. Regional and seasonal spread of visitors is an important aspect of developing a more sustainable travel and tourism industry. This can help to avoid the development of honeypot sites, where high numbers of visitors in a concentrated location can put pressure on the local environment and people. Ensuring visitors are spread across the country ensures more destinations can enjoy the economic and social benefits of tourism. VisitBritain (and VisitEngland) has sought to apply these principles in our recent activity – such as the National Lottery collaboration which promotes visiting attractions outside of the peak season.

There are also lots of impressive examples of the kind of work our sector is doing currently to increase our sustainability and the offer of greener travel to consumers. In both our trade and consumer facing activity we have championed sustainable product such as Crashpad Lodges at Yr Helfa (Snowdonia, North Wales).

As set out in answer to Question 10, working with the Rail Delivery Group, the government and VisitBritain will pursue the development of a new domestic rail tourism product to accelerate the recovery of domestic tourism. Introducing an offer for domestic tourists will encourage lower-carbon transportation options for domestic holiday travel. It would build on the success of rail tourism products such as the BritRail pass, which is sold through the VisitBritain Shop and provides international visitors with flexible travel across the network to spread the benefits of tourism across the country. The aim is to launch this new domestic rail tourism product later in the year, subject to a successful business case being developed.

March 2022