VisitEngland™

Domestic Leisure Tourism Trends for the Next Decade

Prepared for VisitEngland
December 2013

Contents

Produced by

trajectory global foresight

Thank you to all who contributed

Introduction

I am delighted to introduce VisitEngland's new report,
"Domestic Leisure Tourism Trends for the Next Decade"

As an industry, we can often find ourselves focusing on what has happened in the past – how many visitors we welcomed, who they were and what they spent. This type of information is of course vital to understand our business, our performance and the way that the market is changing over time. However, to be able to make the right decisions in the future, we also need to look forward, to ensure that we are ready to meet the opportunities and challenges that lie ahead.

Earlier this year, VisitEngland commissioned Trajectory, a leading insight and futures consultancy, to help us identify the trends that will influence domestic tourism over the coming years, drawing on their own research and the views of industry experts.

This report summarises the trends identified and presents them in five groups - demographic, economic, technological, consumer and tourism-related. They range from the familiar, such as the increased importance of mobile technology, through to more recent developments such as FOMO, the 'fear of missing out' and the rise of the 'individualocracy'. There is plenty of food for thought, and to help stimulate the debate, we've included some questions that you might want to consider for your business or organisation.

It doesn't stop here. At www.visitenglandtrends.com we have provided much more detail about each of the individual trends, and there is also an opportunity for you to contribute to the debate about what these mean for our industry.

Of course, none of us can truly know what the next decade will bring – but by understanding the factors that are likely to influence our visitors in the years ahead, we can put ourselves in a far better position to succeed, no matter what the future holds.

James Berresford,
Chief Executive, VisitEngland

The Trends

Population and Social Change

Changes in the population and demographic make-up of England over the next decade will have a transformative effect on society – and significant implications for consumers' leisure choices. Common to many of the trends in this section is the changing shape of the family – something evident in the rising number of older people and grandparents' increasing involvement in childcare, and also in the diverse structures and types of family.

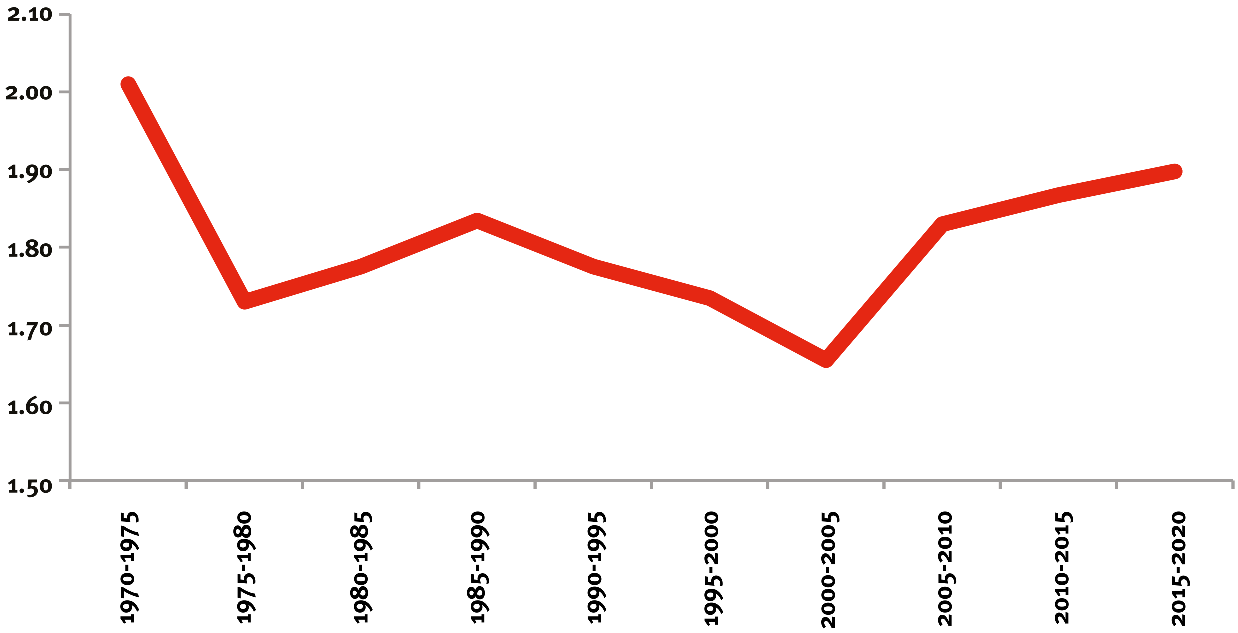
Changes in the composition of society will have a profound effect on the future of domestic leisure tourism. Socio-demographic trends cover a broad range of drivers from changes in the age distribution to developments in the nature and make-up of families. Understanding how demographic trends will develop – and how they interact with other trends – is crucial in widening our understanding of the future tourism market in England.

One of the most impactful trends over the coming years will be the changing structure of English society in terms of its age distribution. Overall, the population of England will grow, but this growth will not be spread evenly across age groups. One very well understood trend is the growth in the number of older people and rise in the average age of the country – referred to as the ageing society. The medium term future will also see a rise in the number of younger people, as a result of a sustained rise in fertility rates since the mid 1990s – a baby boom. Not every section of society is growing; there will actually be a decline in the number of people aged 35-49 over the next few years, leading to a 'squeezed middle' generation.

The implications of these shifts on domestic leisure tourism will be profound. The rising number of older people not only signals a change in the needs of this particular group – there is an implication, for example, for all types of business to meet accessibility needs – but also a shift in their attitudes. The next retired generation will be heavily comprised of the baby boomer cohort, who differ greatly from previous older generations in their attitudes to leisure – they are generally more affluent and far more leisure focussed than previous generations of older people.

> **The broader trend for more younger and older people might be well understood, but the extent is surprising**
> Gavin Flynn
> Intercontinental Hotel Group

Chart: Fertility Rate, UK (Births per woman of child bearing age)
Source: UN World Population Prospects



Changes in the age structure of society will also combine with changes in the shape and composition of families to add further complexity to the future of tourism in England. Although the fertility rate has risen in recent years, this is only a small spike in its long term decline – this trend, combined with the equally long term trend in rising life expectancy has combined to change the shape of the family from a horizontal one to a vertical one (i.e. a family with more tiers – grandparents and great grandparents – but fewer people in each generation – fewer siblings and cousins). As well as this, a shift in social values in recent decades has seen new types of family emerge – from gay and lesbian parents to more extended families linked by divorce or separation – all leading to a greater diversity of family type than before.

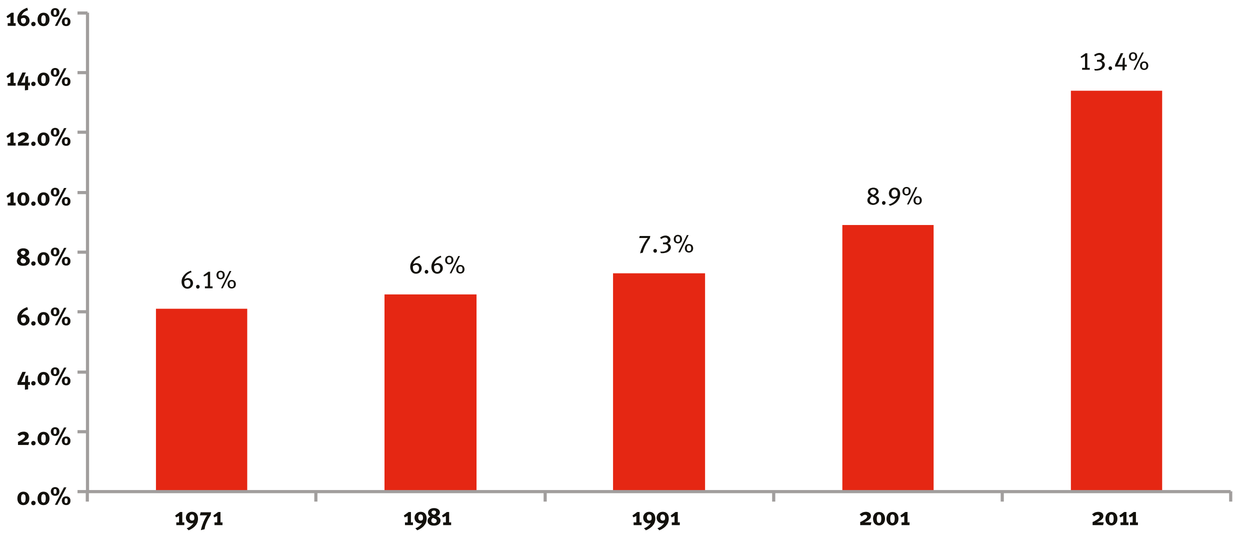
The link with an ageing society is crucial – as grandparents and great-grandparents become increasingly involved in childcare and family life, businesses and destinations in the tourism market will need to adapt to cater for an increasing number of intergenerational family holidays. This intergenerational element is also crucial in understanding the situation of the squeezed middle generation. This generation is not only declining in number but also facing the twin pressures of looking after children as either parents or grandparents, while also catering for the needs of their own parents. There is a wider societal consequence here as well – the ageing population will place pressure on public services at a time when finances are already tight. The implication for individuals in the middle is a rising perception of time pressure – with a potential consequence an enhanced desire for quality time and treats.

Another profound social change England will experience over the next decade is increased ethnic diversity. Over the past few decades, the country has become more ethnically diverse, with black and minority ethnic people accounting for a higher proportion of the total population (from 6% of the total population of England and Wales in 1991 to 14% in 2011). An associated trend is the proportion of people in England and Wales born outside the UK, which increased from 8.9% to 13.4% between 2001 and 2011. Tourism experts consider these markets to be of increasing relevance – but their needs in relation to leisure tourism are thought to remain poorly understood by the sector.

A further complexity to this rapidly changing picture of England is the geographical irregularity with which the trends manifest themselves. Rather than one picture for the entirety of the country, different regional and local authorities will find themselves dealing with different demographic trends to different extents – something we have referred to as multispeed demography. For example, although the population of England is growing overall, this population growth is not replicated everywhere. Since 2001, the population of Manchester has grown by 19%, and the population of Greenwich by 17%. This contrasts sharply with the population decline experienced by areas as diverse as Kensington and Chelsea (population growth of -2% since 2001) or Sunderland (-3%). This trend is even more apparent when the divergence in age structures of different regions and geographies is considered. A key trend here is the rapid ageing of rural areas, whereas cities remain relatively youthful.

Chart: Percentage of people in England and Wales born outside the UK

Source: UK Census 2011



Practitioner Perspective

The industry experts consulted generally considered these demographic trends – and the importance of demographic trends – to be well understood at a basic level by the tourism sector in England. However, some blind spots do exist – particularly around the changing ethnic profile of England, the extent of overall population growth and the decline in the number of 35-49 year olds.

> **We allow families to turn up and say 'we're a family', rather than trying to impose a 2+2 system that doesn't fit**
> Bernard Donoghue,
> Association of Leading Visitor Attractions

Intergenerational holidays were considered to be a prominent feature of the future – combining the elements of several of the trends around age cohort growth and changing family structure. There is a particular opportunity in bringing extended families together to celebrate big life and family events (e.g. significant birthdays and wedding anniversaries), usually for short breaks.

Looking further ahead

Many of the trends in this section are naturally long term ones and as such we are able to assess how they will develop beyond the next decade. The ageing population will intensify – in three decades time, there will be more than 9 million over 75s in England (twice as many as there are currently) making the importance of catering for both older and intergenerational groups a crucial implication for decades to come. The appetite for travel and tourism amongst the oldest groups in society is likely to increase over time ('healthy life expectancy' is increasing, as well as overall life expectancy), but accommodation and travel options that can cater for people with reduced mobility will be in great demand.

Although those aged 35-49 – a key target market for the sector currently – are set to decrease in number over the next 10 years, after this period the age group will slowly start to grow again – but will still shrink as a proportion of England's population overall. Again, tourism businesses that are able to adapt and face the challenges presented by different demographic trends now will continue to benefit well after the next decade.

Summary of Population and Social Change Trends

Ageing society	**As life expectancy increases, there will be increasing numbers of older people in society**
Vertical family	**Driven by both rising life expectancy and lower fertility rates, the shape of the family is changing**
Baby boom	**Over the past fifteen years a sustained rise in the birth rate has caused a mini baby boom**
Untraditional families	**New types of family are emerging – including step families, gay parents and older parents**
Changing ethnic profile	**A rising number of both BME and foreign born people, whose tourism habits need to be understood**
Squeezed middle generation	**Amid rises in the number of younger and older people, the number aged between 35-49 is falling**
Multispeed demography	**For different regions and local authorities, the speed and nature of these trends varies widely**

Population and Social Change: Key Implications

- Families are changing in size, shape and composition, and are far removed from the traditional 'nuclear' family – tourism businesses need to be flexible and responsive, not prescriptive
- A baby boom and an ageing society will see an emphasis on the intergenerational family holiday
- Grandparents will be 'younger' than ever before, and retiring baby boomers will prioritise their leisure time
- A sharp rise in the number of over-80s will see a generation keen to go on holiday but potentially reluctant (or unable) to travel far
- The 'squeezed middle generation' (those aged 35-49 in 2020) will be time poor and willing to treat themselves
- BME and immigrant populations' tourism habits are currently poorly understood – but are an increasingly large part of the market

Challenge Questions

- Have you seen increased demand from non-traditional groups, from single-parent families to extended families? What opportunities and challenges do these bring for your business, and is there anything else you could do to better cater for them?
- What changes could your business make to meet the needs of an increasing number of older visitors?
- Do you understand enough about the lucrative baby boomer market to make sure you get your fair share of their leisure spending?

Economics & Recession-Led Trends

The protracted economic downturn has had a significant effect on many aspects of consumer behaviour over the past few years – and tourism and leisure spending is no exception. As the economy starts to recover, many recessionary habits adopted by consumers will be maintained as the importance of value for money, thrift and price will take some time to disappear

The prolonged economic downturn since 2009 has had a seismic effect on trends in all aspects of consumer lives – including tourism. On one hand, the financial climate has had a number of negative effects: as the cost of living rises, many consumers are unable to afford to maintain their pre-recession spending levels and are cutting back. Indeed, 90% of individuals are cutting back on at least one area of spending as a result of the downturn.

Alternatively, the downturn has provided an unexpected boost for domestic tourism as consumers have swapped overseas trips for domestic ones. A crucial question therefore, is whether or not, as the economy returns to growth and confidence rises, this trend will be maintained or go into reverse.

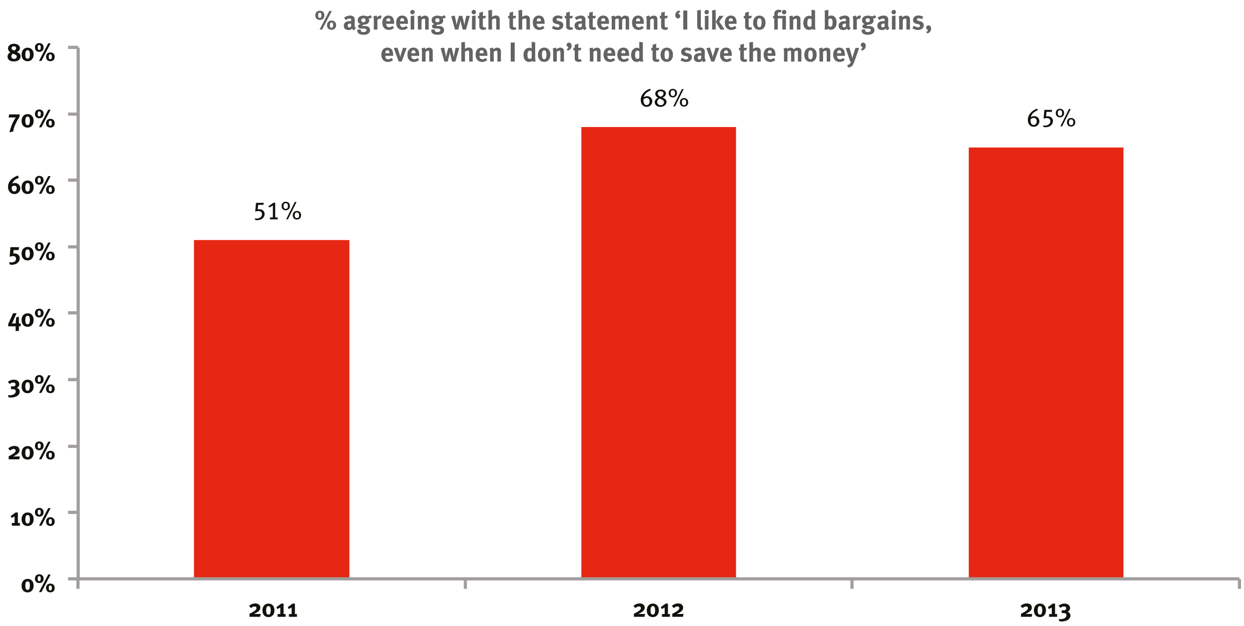
> **This is habit forming, rather than just a blip. For younger people, a significant proportion of their life has been spent in this climate - it's seen as weird to pay over the odds**
> Gavin Flynn, IHG

Although it remains early days in the recovery, the topline economic forecasts predict modest rises to GDP growth and real disposable income and falling inflation over the next 5 years. This signals an economic scenario much improved on recent years but still short of resounding recovery. Consumer confidence has risen during 2013 as these forecasts have emerged but consumers on the whole remain cautious about the impact of wider economic recovery on their individual finances.

The sheer length of the downturn – longer than any downturn in living memory, and almost as deep as the Great Depression of the 1930s – ensures that it has had a palpable impact on consumer behaviour, regardless of household income, and many habits adopted and trends in consumer behaviour developed in recent years will last well into the recovery. The focus on value and thrift – evident throughout the downturn as consumers became increasingly keen on value for money and bargain-hunting – will not dissipate as the economy recovers, but are instead habits that will remain entrenched in consumer behaviour in the medium to long term. This is also true of the trend for mercurial consumption – also accelerated by the downturn – where consumers place price over brand loyalty.

Chart: Discretionary Thrift, 2011-13

Source: Trajectory Global Foresight



Another significant recession-led shift in consumer behaviour is the trend for 'self-preservation'. This is particularly evident in consumers' ethical concerns, which have become less focussed on typical altruistic, 'green' or environmental issues and more on causes and issues that strike a chord closer to home (such as the cost of living and the way companies are run) - but consumers will still expect businesses to meet basic environmental criteria, it is just that they will be less willing to pay a premium for this. This trend is one with multiple implications: while a sense of nationalism and localism implicit in the trend is of benefit to domestic leisure tourism, it also ensures that tourism businesses must meet an extra set of ethical criteria – not simply being environmentally conscious, but also criteria relating to local or national issues that resonate closely with consumers.

> **Green is there [as a driver], but you have to be selling the experience and the attraction. Green becomes marginal - it has to be a good holiday first. I'm not sure people will behave selflessly and go on a worse holiday because it's greener.**
> Andy Phillipps, Revoo/Greentraveller

Our research has identified three components that influence how an individual has experienced the downturn – income, financial habits and life events. For example, someone with a high income, but with poor financial habits (high levels of debt and spending) and negative life events (such as bereavements or divorce) will have had a negative experience of the downturn – despite their high income. Contrastingly, someone with a low income, but good financial habits and positive life events may have fared much better. This contrasting and complex range of experiences ensures that there is no single experience of the downturn – and consequently, the trends that affect consumer behaviour during the recovery will not manifest themselves uniformly. For both businesses and destinations in the tourism sector there is no 'one size fits all' solution. It is crucial for individual businesses to know their market (and potential market) and match product, pricing and communications to this.

> **Tourism is adapting already - more flexibility, much more discounting - discounts will be expected by consumers even with a strong recovery**
> Ian Stephens,
> Cumbria Tourism

Practitioner Perspective

The experts we consulted were divided on the question of whether the positive trend in staycations would continue as the economy recovers. The more pessimistic take the view that consumers have greatly missed their foreign holidays and will look to return to them as soon as they can but others believe that in taking holidays in England, consumers have 'discovered' what the country has to offer and will continue to holiday domestically. The most likely future is a combination of the two, as some of the experts identified. Consumers will look to maximise their leisure time and will not cut back on their holidays at all – but seek to add to them and England will be a part of that portfolio of holiday experiences. The consumers' view is a positive one – more than half of people who switched to a domestic break (at the expense of one abroad) in 2013 agreed that it made them want to take more holidays in England.

> **[England] is developing an incredible diversity of product - food, wine, different activities - it will continue to be attractive, and people are taking pride in this - they're rediscovering their own back yard**
> John Koldowski,
> Pacific Asia Travel Association

Looking further ahead

Over the next decade, many consumers' finances will remain tight, and the memory of the economic downturn will continue to have some bearing on consumer behaviour. Beyond this timeframe, however, consumers who feel more financially secure may feel more confident in spending again – particularly at the premium end of the market. Another implication will be for consumers to maximise their leisure time wherever possible – perhaps ending the debate over the staycation by holidaying both at home and abroad.

Other trends currently affecting leisure tourism – such as the trend for shorter breaks or for combining VFR (visiting friends and relatives) with leisure trips (see Tourism Trends) – are driven by both economic factors and wider trends, such as the changing work-life balance or time pressure. Here, the drivers of the trends are not simply recessionary and as a result are likely to last beyond the medium term.

Summary of Economic and Recession-led Trends

Economic stagnation	Modest GDP growth over next 5 years, but economy will not reach pre-recession size until the end of 2015
Complicated downturn	Three factors that determine peoples' experience of the downturn: financial habits, life events and income
Consumer confidence	Confidence will rise in reaction to positive economic news – but will also be influenced by peoples' own situations
Funding climate	The funding climate at both public and private level will remain tight as the economy grows slowly
Discretionary thrift	Increased willingness to save money and find bargains – even when the consumer doesn't need to
Mercurial consumption	With price an increasingly dominant arbiter of choice for many consumers, loyalty to brands is in decline
Value hunters	Consumers are increasingly willing to go to extra lengths in search of cheaper products and better value
Self-preservation society	Consumers' ethical concerns have drifted closer to home as they deal with the downturn's effect on their own lives

Economic and Recession-Led Trends: Key Implications

- The length and depth of the downturn ensures that the impact of it on consumer behaviour will last long into recovery. However, there is no single recessionary experience: individuals' experiences – and the habits they've formed – vary widely
- Desire for value evident at all sections of the market – including the luxury end
- Holidays are not immune to cost cutting – but people do prioritise their leisure time and are extremely reluctant to cut back
- The appetite for domestic leisure experiences is increasing – partly driven by the self-preservation society trend – and the appetite for staycations is likely to be maintained during recovery
- Consumer confidence will be a key barometer of when pre-recession holiday trends might return

Challenge Questions

- Consumers are going to continue to seek deals, discounts and value offerings in the foreseeable future. How can you meet their expectations without damaging your bottom line?
- How can you help your visitors understand how your efforts to be more sustainable are contributing to a better experience for them?
- Different experiences of the recession mean that different groups have differing requirements when it comes to cost and value. Can you do more to build and maintain loyalty by understanding the different financial circumstances of your customer base?

Information and Technology Trends

This section examines trends in consumers' access to information and their use of technology when researching, evaluating and booking their leisure trips – as well as their technology expectations whilst on those trips. Increasing technology access is empowering consumers and allowing them to make last minute decisions on a wide range of leisure activities.

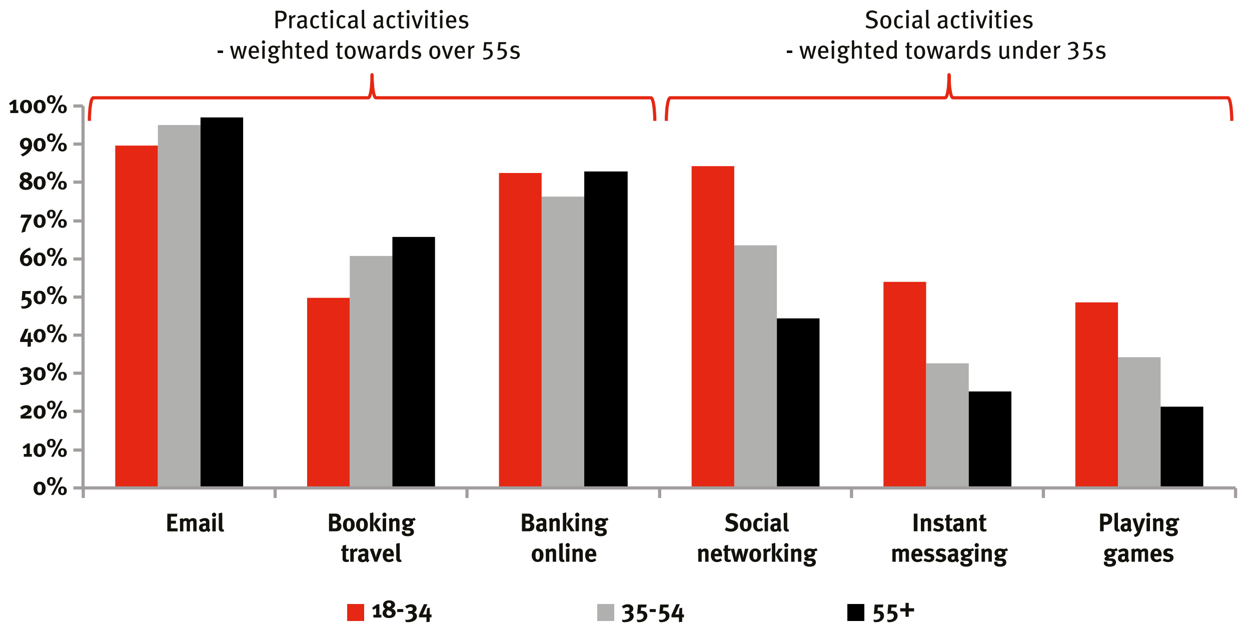
Developments in both consumers' access to and use of technology will have a transformative effect on the future of domestic leisure tourism – a fact recognised across the industry. Overall internet access – just one aspect of this trend – is increasing steadily, with the vast majority of consumers online. This unprecedented level of access to information is already revolutionising the way consumers research, book and manage their holidays and wider leisure time – and the trends in this section shed light on what this landscape will look like over the next decade. Perhaps the most significant change, however, is the emergence of the mobile internet revolution, which is still in its infancy, and mobile's ability to enhance the actual tourism experience in future.

Internet access for increasing numbers of people is a well established trend – but it is crucial to understand how different people use the internet. An important differentiator is age: younger people – sometimes referred to as 'digital natives' as they have grown up with the technology – use the internet for everything from basic services to socialising and playing games. Older consumers are more likely to value the internet's practical benefits – banking or, crucially, booking travel – and are less likely to 'live' online. Younger consumers are more likely to 'live' online (i.e. using the internet to manage their social life and spend leisure time). Older people's access to and use of the internet is increasing (recent research from Ofcom shows that the proportion of 55-64 year olds using the internet on a mobile has increased from 5% to 27% since 2009) but is currently still likely to be dominated by practical activities rather than social ones.

There is inevitably a pushback to such a profound change in behaviour, and in the technology market this is encapsulated in consumers' anxiety around data security and the privacy of their personal information online. According to Trajectory Global Foresight data, 29% of internet users in 2013 say these concerns limit the way in which they use the internet. However, this is outweighed by the proportion saying that slow connection speeds limit their internet use (33%) indicating that for many users, convenience is more critical than security. While convenience is of paramount importance for consumers, concerns around data and privacy will not disappear – and people will want assurances that their data is managed securely and responsibly and if possible, used to enhance their experience without being intrusive.

Chart: Which of the following do you use the internet for?

Source: Trajectory Global Foresight, 2011-12



> **The information shift is allowing more people to know more about destinations in the UK**
> Andy Phillipps, Revoo/Greentraveller

The way people use and access the internet will also change over the next decade – with 'Mobile First' a particularly crucial trend for tourism businesses to recognise. The number of people researching leisure and tourism activities – and viewing businesses' websites – will increasingly shift to mobile devices (whether a smartphone or tablet) from PCs or laptops and so it is essential that these sites are customised for this type of access. People will also not confine themselves to one type of device – a website first viewed on a smartphone might be later viewed on a tablet or desktop. Similarly, as tablet and smartphone penetration increase, these devices will increasingly be used for other aspects of tourism – including the booking process and being used while on holiday. This latter expectation will heighten the need for wireless internet access while on holiday and increasingly responsive and personalised services whilst away from home.

> **This information explosion creates ever increasing expectations - once you've established something it's very hard to take it away**
> Peter Curtis, National Trust

Rising internet access and consumers' desire for immediate information will change not only the method by which they plan and book holidays but the overall process of doing so. One key implication will be the 'Last Minute' trend. One driver of this is economic – as consumers have been less financially secure over the course of the downturn, their willingness to plan far in advance has diminished, leading to an increased demand for services that facilitate last minute trips at a discount. But the trend is not simply a recession-led one. Consumers will also expect to be able to easily curate their leisure time to fit in with other demands on their time (such as work and family). Other factors include easily accessible information about the weather (allowing people to make a last minute decision based on a reliable, locally accurate forecast) and an increasing desire for short breaks (which can require less planning). Last minute is a particularly impactful trend for domestic leisure tourism, as it reduces the certainty with which businesses – particularly accommodation – can plan ahead.

Another crucial trend in this area is the rise of social media – incorporating much of the future technology landscape. Social media drives the increasingly fluid and rapid spread of information amongst friends and peers, representing both a huge opportunity and a potent threat for different tourism businesses. On the one hand, a small business can see its audience increase organically through the spread of positive information and reviews. On the other hand, a negative experience is amplified. Another impact is one of disintermediation: consumers are able to interact directly with businesses and brands – and vice versa. Again, this represents an opportunity and a threat for tourism businesses, as consumers will expect responsive and personalised information from those with whom they choose to interact.

Social media is also driving another shift in consumer attitudes to leisure – the fear of missing out (sometimes abbreviated to FOMO). The ease with which people can share their leisure activities – both with people they know and with people they don't – increases our exposure to different experiences. This will catalyse a 'fear of missing out' – consumers will want to try these new experiences and will not want their peers to be having more fun than they are. Overall, this is a positive trend for tourism – increasing consumer's desire for different activities and broadening leisure portfolios overall. A related trend – digital downtime (or the joy of missing out/technology-free experiences) will be active in the short term but will wane as people integrate technology more fully into their lives.

> **[In terms of Digital Downtime] just not offering WiFi is a bit of a blunt tool. Institutions shouldn't drive policy in this area, people need to**
> Danny Homan,
> Historic Royal Palaces

Practitioner Perspective

The experts agreed that technology development and consumer access to information would be hugely impactful for the future of domestic tourism. Tourism was perceived as being ahead of the curve at the start of the internet age, but now many practitioners feel this is no longer the case. There are, however, signs of businesses using technology to their advantage – one example being the app used by staff at the Eden Project (see case study). Another is the potential for co-creation – allowing users' holiday experiences (in the form of recommendations or photos) to help develop the business and sell the experience.

Challenges do exist for many in the sector, with the drop in influence of traditional sources of information, rising customer expectations and the sheer pace of change (meaning that even the most innovative do not feel ahead of the curve) all identified as obstacles for businesses to overcome. But the consensus was that the opportunities outweigh these challenges – and that meeting them will enhance the domestic leisure tourism offer overall.

Looking further ahead

Technology development - and consumer use of it – will continue apace for decades to come. The sheer pace of change makes it incredibly difficult to predict exactly what this landscape will look like beyond the medium term, but already there are signs of what technologies are developing and how consumers might use them on leisure trips. There will be an increasing demand for information about what tourism businesses and different destinations have to offer – perhaps leading to immersive tours of accommodation or maps of activities in the local area. The technology required to facilitate this is developing – whether through augmented reality or holograms. Beyond the next decade, the trend for Digital Downtime will fade as more consumers integrate mobile technology into their social lives and leisure time. People will not want a holiday to 'log out' of their devices, but will use this technology to maximise their trip.

Other potentially disruptive technologies include haptic or brain user interfaces (devices controlled by motion or thought) or the development of increasingly effective algorithms and virtual assistants. The latter will help streamline choice for consumers – tailoring options based on preferences and individual criteria.

Beyond the next decade, leisure trips in England will be increasingly affected by consumers' use of technology, especially as access to and use of mobile devices becomes ever more widespread and sophisticated. For many consumers, the use of such devices will become an integral and immersive part of every aspect of their trip.

> **Technology is part of the solution – it gives us a new opportunity to connect with people and groups in a targeted way**
> Sarah Stewart,
> Newcastle Gateshead Initiative

Case Study: The Eden Project

Although consumers' use of technology has the potential to disrupt, tourism businesses can use it to great advantage. As this example from Cornwall's Eden Project demonstrates, tourism businesses' use of technology can enhance the customer experience. At the Eden Project, the staff have an app that provides real time information on visitor numbers and satisfaction. Through using this app, staff are aware of any potential problems or issues that emerge over the course of the day. The real time information – seeing issues emerge and be resolved – has also driven an increase in engagement and responsiveness amongst staff – benefitting both the Eden Project as a tourism business and the experience of its visitors.

Summary of Technology and Information Trends

Internet access and usage	**Increasingly widespread access for all consumers, but usage varies between different groups**
Mobile first	**Past the tipping point from PC to portable. Many tourism websites will be accessed for the first time on mobile devices**
Mobile & Tablet Commerce	**New booking and payment systems are developing, and mobile tech is changing what people expect when on trips**
Social Media	**Facilitating the easy spread of information between friends and peers, and leading to the rediscovery of word of mouth**
Data and Privacy	**Concerns about data privacy represent a major area of concern for consumers, but convenience matters more**
Fear of Missing Out	**Social media gives us unprecedented access to the social lives of our peers – meaning we want to do more in our free time**
Digital Downtime	**A short term trend that sees people 'logging out' of digital experiences and leaving their smartphones behind on leisure trips**
Last Minute	**Technology is allowing consumers to make decisions later and later – so tourism businesses have to be as flexible as possible**

Technology and Information: Key Implications

- Wider technology use is changing how people research and book their holidays – and what they expect whilst there
- The shift to mobile devices intensifies the requirement for businesses to customise their offer to different platforms – and utilise apps
- Wider access has broadened the range of information consumers have access to – traditional sources now compete with recommendations from peers
- Last minute is not purely a recession-led trend but driven by other factors that will see it endure into the long term
- Increasing, immediate communication will heighten the fear of missing out and catalyse desire for broader leisure portfolios and new experiences

Challenge Questions

- Are your customers able to access your website across all their devices? Do you know how they access your content - and if you have recently made any changes to your digital presence, do you know what impact these have had?
- Do you know what is being said about your business across social media channels?
- Have you found any ways to use technology to reduce overheads and/or improve customer service? Is there anything else you could do?

Consumer Trends

This section provides an outline of key consumer trends and their impact on the future of domestic tourism. Many of the trends in this section are related to fundamental consumer needs – such as control or simplicity – whereas others are modern reactions to increasing use of technology or the economic situation.

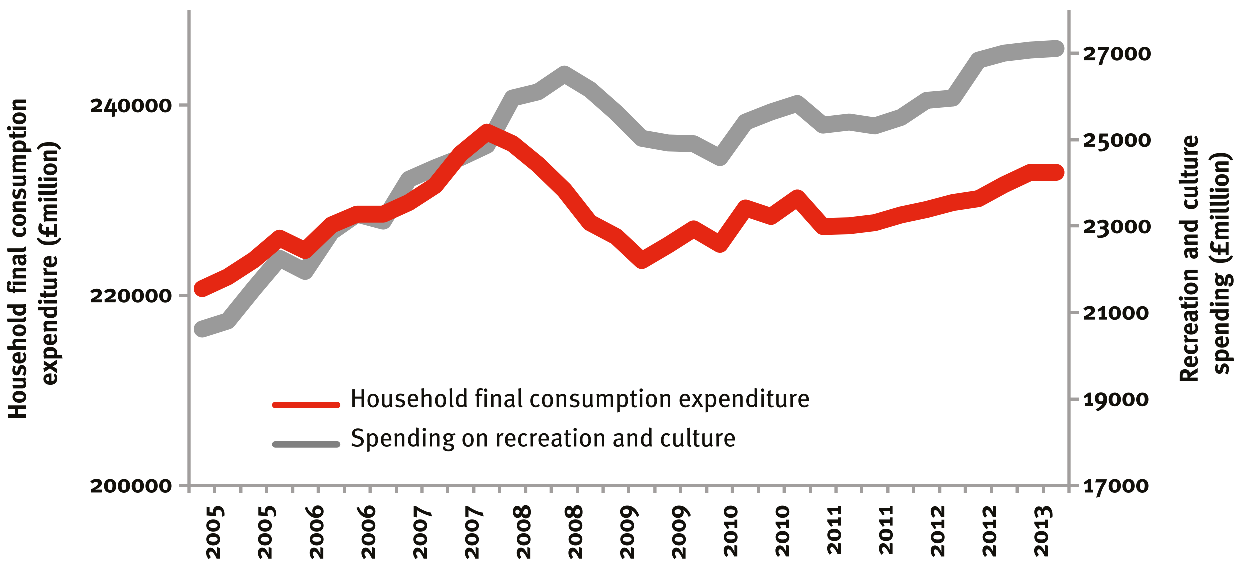
Long established consumer demands for control, choice and convenience have become increasingly important as the economic circumstances of the last few years have added complexity to consumers' lives. Added to this increased financial insecurity is the long term deregulation of life – with boundaries between work and leisure blurred through technology use and the changing nature of employment. More than half (53%) of consumers in the UK say they feel under time pressure in their daily lives, but fewer (42%) say they feel a high degree of choice and control in their lives. Busier lives create a feeling of time pressure which in turn intensifies the need for breaks.

> **"People do seem to have more active lives in both leisure and holidays. There's an assumption that we should be active."**
> Sarah Stewart, NGI

Despite the economic uncertainty experienced by many consumers – and the resulting emphasis on bargain hunting and value – consumers continue to prioritise leisure above most other areas of spending. Household spending data from the Office for National Statistics indicates that while households cut back on spending overall during the downturn, spending on recreation and culture actually increased. This spending data indicates that despite tighter budgets, the appetite for leisure experiences is very strong – and with leisure portfolios increasingly broad, the desire for different types of holiday will continue to increase over the next decade. As described in the economics section, another recession led consumer trend is the shift in ethical priorities – from environmental concerns to a more holistic sustainability agenda, which includes businesses practices and provenance. There will also be an increased emphasis on localism and nationalism – potentially of huge benefit for domestic tourism.

During the downturn, ostentatious or frivolous spending also fell out of fashion, as traditional forms of conspicuous consumption were replaced by new agendas. One manifestation of this is the growing importance given to cultural capital – learning new skills or acquiring knowledge. This trend is particularly relevant for the tourism and leisure sections and has implications for both new types of tourism (craft tourism or active tourism) and can act as a boost to existing drivers (cuisine, cultural appeal, hobbies).

Chart: Total spending and leisure spending, 2005-2013
Source: ONS Consumer Trends (seasonally adjusted, chained volume measures)



Technology access – discussed at length in the previous section – has dramatically increased access to information for the majority of consumers, a trend that has a large impact on consumer behaviour. When choice increases dramatically, complexity is also increased as people struggle to cope with such a wide range of options. A second driver is the rising amount of leisure time people have – which leads to people trying to 'have it all' and do as much in their free time as possible. This is particularly true for the domestic audience. Data from Trajectory's Global Foresight surveys show that British consumers have the most diverse leisure portfolios of the 20 markets covered by the survey. This, conversely, drives the perception of time pressure. Accordingly, the demand for simplicity will be an important trend over the next decade, as consumers look for products or services that simplify complexity and save time. In line with this desire for control is the increased desire for memberships in the leisure sector, as outlined in the case study in this section.

Another consumer trend that is driven by technology access is individualocracy – the desire for personalised, tailored products and services (and the expectation that this can be provided). This trend is particularly crucial to tourism as leisure portfolios broaden and consumers try new experiences and destinations – while seeking to enjoy a unique experience (and not the same one as their peers). Technology access is also driving the decline of deference, which sees consumers being less deferential to traditional sources of information – whether guide books or tourism bodies – and increasingly receptive to new sources of information. Some are mainstream – such as TripAdvisor, but others cater to specific requirements, such as Field Trip or Gravy and rely on crowdsourced information or recommendations.

Fundamentally, consumers' increased access to information and their direct access to a wealth of leisure options allows them an unprecedented level of control in curating their holiday experiences. Rather than default to established destinations or holiday types, consumers can use this information to be as flexible and last minute as possible.

Practitioner Perspective:

The industry experts were not surprised that consumers had viewed recreation and culture as a spending priority over the course of the downturn, as Professor Jonathan Gershuny states: "Leisure time is absolutely unambiguous – people enjoy out of home leisure more than anything else". They stressed, however, that this prioritisation came aligned to the increased focus on value and bargain hunting; consumers are looking to maximise their leisure time, but will not pay over the odds.

The relationship between technology and consumer trends was also underlined by the practitioners. They saw technology propelling an increase in the desire for bespoke services, real time feedback, unique experiences and authenticity.

> **"Lack of mobility and limited information tended to mean that you'd have a default location – because you knew the weather was good. Consumers empowered by technology can make informed decisions [about where to go on holiday]"**
> Jonathan Gershuny, University of Oxford

Looking Further Ahead

Many of the trends in this section are long established consumer trends, and their manifestations develop as a result of external factors – such as changing demographics, the economic climate or access to technology. As the economic pressure on consumers eases, their desire to do more and more in their leisure time will intensify. As a result, the importance of new services that simplify complexity and ease time pressure (two trends that intensify as people cram more and more into their leisure time) cannot be understated.

Technology will also have a seismic impact on consumer behaviour around leisure time and domestic holidays. As well as changing how consumers will plan trips (and when there, plan their activities) technology use is helping fuel a desire for individualised, tailored leisure experiences. This will only intensify as technology use – and the power of the technology consumers are using – develops.

Case study: Membership Schemes

Over the course of the economic downturn, several trends have emerged that highlight how consumers are prioritising their leisure time – even despite tighter finances. One such example is the growing appeal of leisure memberships. As Bernard Donoghue of ALVA says, "In the last three years, membership of the V&A has increased by 199%, and membership of Greenwich Museums by 109% since 2011". Another stark example of this trend is evident in membership of the National Trust, which has grown from around 250,000 members in the 1970s to more than 3.5m today.

One obvious appeal of membership schemes during the economic climate of recent years is the potential for savings and discounts, but there is also a wider appeal. Memberships allow people to manage their leisure time effectively, as they open up a direct line of communication with the business. They also nurture a sense of belonging – a valuable attribute at a time when, for many consumers, life is uncertain.

A further implication is the creation of new leisure occasions, such as romantic tourism (a natural fit at a cultural venue such as the V&A) or social occasions, such as Friday Night Lates.

Summary of Consumer Trends

Play society	**Despite cutting back in many other areas, people have prioritised their leisure spending in recent years**
Demand for control	**Higher levels of freedom of choice and control lead to greater satisfaction for consumers**
Demand for simplicity	**With greater choice – and more access to information than before, consumers desire simplicity**
Time poverty & work-life balance	**Although we have more leisure time than before, trying to do more creates the perception of time pressure**
Individualocracy	**Consumers increasingly desire curated, bespoke activities in their leisure time**
Cultural capital	**Ostentatious spending has fallen out of favour during the downturn, and consumers are keen to acquire new skills**
Decline of deference	**New sources of information help reduce deference to traditional sources, expertise or recommendations**
Corporate social responsibility: from green to clean	**Consumers' ethical priorities have changed – and are now broader than basic concern about the environment**

Consumer Trends: Key Implications

- Consumers have prioritised their leisure spending ahead of other spending during the course of the economic downturn
- The uncertainty consumers are facing in the current climate has reinforced the need for simplicity and control – but consumers are finding this harder to achieve
- Consumers' ethical concerns have evolved and are now broader than established concerns about the environment
- Technology is playing an increasingly prominent role in managing consumers' leisure time, leading to less deference to traditional sources of information, and an elevated desire for unique experiences
- Conspicuous forms of consumption have fallen out of favour – meaning that consumers are choosing to learn new skills and acquiring 'cultural capital' to distinguish themselves

Challenge Questions

- How easy is it for potential visitors to plan and book a trip that involves your business? Could you make this even easier for them?
- How can you find out more about your customers' needs and expectations to enable them to make the most of the trip, and deliver a unique experience that they will want to tell their friends about?

Tourism Trends

This section examines how the trends discussed previously are driving new types of domestic leisure tourism and their impact on rural, seaside and urban destinations. Burgeoning areas of tourism include health and sports based trips, while other trends combine to create new types of holiday – such as turning VFR trips into leisure ones

Our first trend in this section is the growing practice of turning VFR (visiting friends or relatives) trips into leisure ones. One driver of this trend in recent years has been economic; with more constrained budgets, consumers wishing to maximise their leisure time have sought to capitalise on family occasions and turn these trips into leisure orientated ones. But other drivers exist as well, and ensure that this trend will become increasingly prominent even after economic recovery. One is the fundamental appeal of leisure time; regardless of their finances, people will always seek to maximise this. Another is the changing demographic picture of England: longer lives and more generations create more family occasions – which in turn create more opportunities for family get-togethers. The driving force behind these occasions is not simply financial circumstances – consumers are also keen to have a rich experience with their family.

Different types of domestic leisure tourism can also benefit from wider trends. Health tourism (such as spa breaks), for example, will not only be driven by a generation of health-conscious older people but also by rising perceptions of time pressure and blurring distinctions between work and leisure – heightening consumer desire for treats and breaks. Skills tourism will be driven both by wider leisure portfolios and also the desire for new experiences. More than half of consumers in England (56%) say that 'trying new things' is important to them, and two-thirds (67%) say that art or culture is important to them. Similar trends in health consciousness and a desire for new experiences will also lead to the growth of active tourism. In particular, the perception that modern lifestyles are 'too easy' or sedentary will also drive consumers to push themselves and seek adventure in their leisure time. Demographic trends are also relevant here – the next generation of retired consumers are 'younger' and more active than before – making them a viable market for this type of holiday. New types of tourism face challenges, however, not least in terms of the threat of litigation – particularly for the more adventurous forms of active tourism.

In terms of destination types, rural and urban tourism have both experienced strong growth in recent years, with new activities and experiences attracting domestic visitors. Regeneration in many cities and an increase in the number of attractions has propelled the growth of urban tourism whereas, conversely, increasing urbanisation in our day-to-day lives has helped the appeal of the countryside grow as a destination for 'getting away'. On the other hand, younger people with less knowledge or experience of rural areas may not understand the opportunities that the countryside offers and may fail to be attracted to rural locations.

> **The rural destinations tap into something that is quintessentially English –it's a unique offer, a point of difference**
> John Koldowski, PATA

Crucially, both destinations can benefit from the rise in the number of short breaks consumers take – and the desire to experience different types of holiday. One future implication of this trend is for people to combine destination types on one trip – which, given England's geography and size, is often easy to do. Rural breaks can easily include a day trip into the nearest city. In developing this type of behaviour, it is essential that different destinations within areas work together to communicate the overall tourism attraction of that area, rather than simply compete with one another for footfall.

> **People's interest in the past and heritage is fuelling a sense of Britishness - events like the Royal Wedding are great for us - but the broader implication is for authenticity and meaning**
> Danny Homan, HRP

The outlook for seaside resort tourism is less clear cut. Some resorts have been unable to compete with a pure beach offer and the more reliable summer weather that some overseas locations can offer has been a threat. However, whilst the connection between seaside and sun remains important, it is not the only attraction of the seaside as a destination. Many resorts have been able to successfully adapt and to re-invent to attract new audiences. The changing demographic structure of England may also help resorts in the future. With more children and older people entering the market, having an easily accessible and family-orientated destination will be ideal for intergenerational (and shorter) family holidays. In England, different resorts can offer other unique experiences – from cuisine to sports. Meanwhile, the traditional, nostalgic appeal of the seaside has been re-kindled by many visitors returning after a long absence.

> [On timeshares] As work becomes more flexible there's less tying you to a location – the question is not, 'should I go away?', it's 'what's keeping me at home?
>
> Jonathan Gershuny, University of Oxford

Practitioner's Perspective:

The importance of nostalgia tourism was echoed by the industry experts, who saw a link between nostalgia and consumer desire for authenticity and meaning – as well as something safer and more secure than the uncertain future.

Several of the industry experts also identified timeshares as a potential wildcard tourism trend. They expect this to be driven by increasingly flexible, time poor consumers, who are happy with the idea of sharing and less tied to a single location.

The industry experts were also divided on the future of the seaside, with some agreeing that the desire for sunshine and guaranteed hot weather will drive people abroad for these types of holiday – especially if it can be done affordably. Others viewed the future of the English seaside holiday with more optimism – suggesting that different seaside destinations had their own niches, and would not be reliant on the weather.

> The UK's coastal areas have their niches – cuisine or partying, for example, but some regions are still in decline – and it's not always about the weather
>
> Gavin Flynn, Intercontinental

Looking further ahead

Although economic pressures will continue to have an impact on consumer spending – even in a category they prioritise – over the medium term, after this period consumers will be keen to maximise their leisure time. For domestic leisure tourism, this might mean combining both domestic leisure trips and trips abroad, particularly for those consumers who have enjoyed domestic holidays over the course of the downturn.

The longer term trends in demographics also bode well for the long term future of domestic leisure trips. Several of the demographic trends now emerging will continue to be impactful in the longer term – especially the ageing society and the squeezed middle generation. The intergenerational implications of these demographic trends ensure that domestic trips are a natural fit – and in particular will lead to the long term development of the VFR to Leisure trend.

Case Study: Featherdown Farms

Predictions on the future of rural tourism in England vary – some experts interpret the country's increased urbanisation as a potential problem for rural trips, as people will be less likely to have a connection with the countryside. Others, however, take the view that increasingly urbanised populations will take rural trips as they take a break from their normal environment. For Featherdown Farms, which has driven the developing trend for 'Glamping' over the past few years, it is important for rural destinations to deliver a family friendly, authentic experience.

One way to deliver this experience is to enlist the help of your customers in building and delivering the service (co-creation). As co-founder of Featherdown Farms, Mark Gordon, says, "a lot of the photos on the site are taken by guests – we use their photos to help sell the experience". Another feature of Featherdown Farms that underlines the brand's authenticity is that their offices are based on site, meaning that "when people phone us, they can hear chickens in the background". As families search for active and exciting breaks for their family in the future, effectively communicating these values of inclusion and authenticity is vital.

Summary of Tourism Trends

From VFR to leisure	More life events and greater perception of time pressure will see people maximising their leisure time on VFR trips
Active tourism	Desire to be active and healthy driving an increase in active leisure trips
Skills tourism	Driven by both cultural capital and desire to acquire new skills
Health tourism	Increased pressures at work and home, as well as sustained societal focus on wellbeing behind this trend
Rural tourism	Increasingly urban lifestyles are both an opportunity and a threat - but the countryside will benefit from health and active tourism
Seaside tourism	A less clear cut picture, challenging for some destinations but others are thriving
Urban tourism	Significant growth area after years of urban regeneration – and crucial for the younger market

Tourism Trends: Key Implications

- Time poor and cash strapped consumers will look to maximise their leisure spend – increasing short breaks (at the expense of longer ones) and turning VFR trips into leisure ones
- Broader leisure portfolios will encourage people to try new types of holiday – whether at destination level or activity type
- Demographic trends will heighten the importance of family trips – and traditional destinations can benefit if they adapt
- Nostalgia tourism – driven by consumers' uncertainty about the future – will play a role due to its wider links to authenticity and meaning
- Active tourism is growing as a reaction to more sedentary lifestyles – people also 'de-stress' through adventure experiences

Challenge questions

- Are you talking to local residents to make sure that you benefit when their friends and family come to visit?
- Can you do more to help your visitors access the activities, skills and experiences that are available to them in your area?
- Whatever type of destination you are in – how could you work with other businesses to ensure that new audiences understand what your destination has to offer for them?

Concluding comments

If we cast our minds back 10 years to 2003, a time before smartphones, and when politicians talked about the "end of boom and bust", it is clear that a great deal can change in a decade. It is, of course, a terrible cliché to talk of "change being the only constant", but looking back at the analysis conducted for this report, the cliché never seemed more apt. The tourism sector is so often the first to be impacted upon by the types of trends reviewed here – whether that is being the first sector to fully embrace e-commerce over a decade ago or being on the front line of servicing the needs of the new shapes and sizes of the family unit. Keeping on top of these trends and shaping them to organisational advantage has never been more important.

Find out more

To find out more about the trends discussed in this report, please visit our dedicated microsite at www.visitenglandtrends.com.

In addition, you can join in the debate about what these trends mean for your businesses and domestic leisure tourism overall by participating in our online think tank (at the above web address).





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VisitEngland, Sanctuary Buildings, 20 Great Smith Street, London SW1P 3BT
www.visitengland.org

Published by VisitEngland in December 2013
Photography by VisitEngland Images
Report by Trajectory and Rache Bowie Design