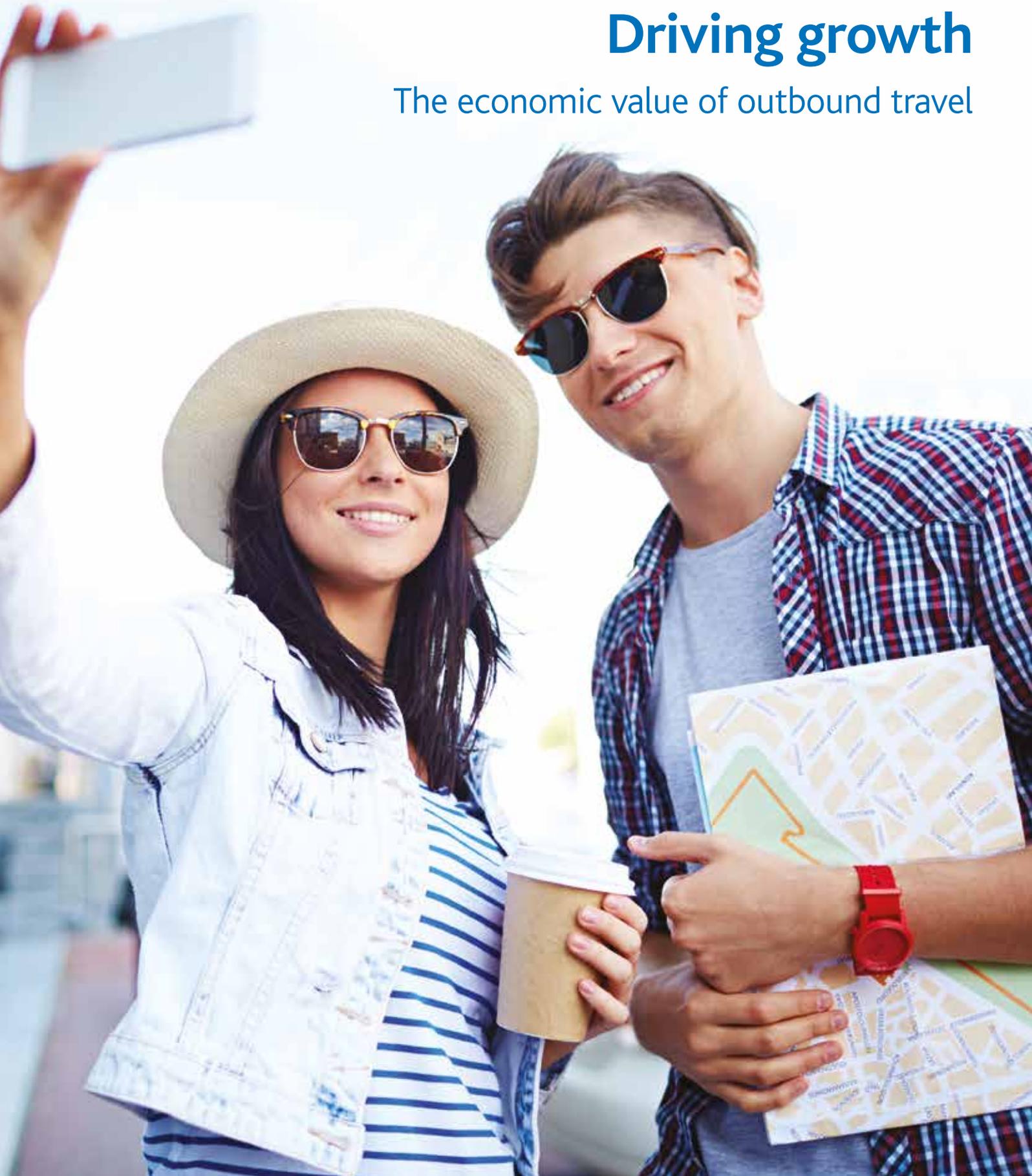


# Driving growth

The economic value of outbound travel



# Foreword

---

Outbound travel's economic contribution in the UK totals £28.3 billion, representing 1.8% of UK Gross Domestic Product (GDP). This includes a direct contribution of £11.7 billion, which is equivalent to 0.8% of UK GDP. The sector directly sustains over 214,000 UK jobs, on par with the country's machinery and equipment manufacturing industry, and represents a greater UK employment contribution than that made by those involved in the manufacture of food products and electrical equipment.

Alongside domestic and inbound tourism, outbound travel remains an integral part of the UK's vibrant tourism mix. All three sectors of the industry – inbound, outbound and domestic – are interconnected and interdependent, with shared infrastructure, shared products, and a shared customer base.

Outbound travel's contribution to the UK economy has often been underestimated, with economic analysis of travel and tourism often focusing on the economic impact of inbound and domestic tourists. An initial study that we commissioned in 2012 worked to dispel the myth that UK residents travelling overseas diverted money away from UK businesses and the Exchequer by highlighting the economic activity and jobs outbound travel creates within the UK economy.

The launch of this report seeks to once again challenge any perceived knowledge of a 'tourism deficit'.

The findings of this report demonstrate the enduring value of outbound travel to the UK economy, while highlighting how outbound travel businesses, and the supply chain that supports them, generate jobs and growth right across the UK.

The report demonstrates the enormous potential for growth that outbound travel possesses. On the cusp of recovering to pre-recession levels, the sector is in prime position to maximise the economic benefits of growing household disposable income.

The right policy and tax framework from the Government, alongside economic growth and returning customer confidence will be crucial in ensuring that the UK's tourism mix reaches its full potential in the years ahead.



# Overview

---

## Jobs

---

**214,000**

directly employed in outbound travel,  
supporting

**435,000**

jobs in the wider economy

## Tax take and spend

---

Outbound travel contributes over

**£2.4 billion**

annually to HM Treasury, with

**£34.4 billion**

in direct spend within the UK  
before departure

## Overall economic impact

---

Contributing

**£28.3 billion**

overall to the UK economy (GVA),  
representing

**1.8%**

of UK GDP

## Direct economic impact

---

Directly contributing a value of

**£11.7 billion**

to the UK economy (GVA),  
representing

**0.8%**

of GDP



## Economic contribution

Outbound travel's economic contribution is significant, directly generating £11.7 billion in economic activity annually, and accounting for 0.8% of the UK's GDP. A further £2.5 billion in growth is forecast over the next five years, meaning the industry is forecast to grow by 21% to £14.7 billion by 2020. This demonstrates outbound travel's potential to act as a key driver of growth within the UK economy over the next five years.

Growth in outbound travel is closely linked to disposable income in UK households, reflecting the sensitivity of the travel industry to economic downturns and changes in consumer purchasing behaviour. While the outbound sector – and the wider tourism industry – maintained a fairly strong economic performance throughout the recession, there was a notable fall in outbound travel – for both business and leisure purposes – recorded in the period 2008-2009. In the context of the anticipated increase in consumer disposable income over the next five years, the industry is poised for a prolonged period of growth.

A key driver of the growth in the outbound sector is the increasing level of expenditure before departure by UK residents travelling overseas.

Analysis suggests that the annual domestic spend by outbound travellers now stands at over £34.4 billion. This represents growth of 16.9% in spending since 2010, and a return to pre-recession spending levels, up 2% on 2008. These figures demonstrate the important link between outbound travel and the UK's retail sector. This point also calls into question claims of a 'tourism deficit' – that is, the difference in spend by UK residents abroad, and foreign residents' spend in the UK. While UK travellers spent a broadly comparable £36.2 billion overseas in 2014, claimants of a tourism deficit take no account of UK spend by UK residents before departure and these figures suggest a balance of payments deficit of just £2 billion before taking account of the wider value of outbound travel to the UK economy, highlighted in this study.

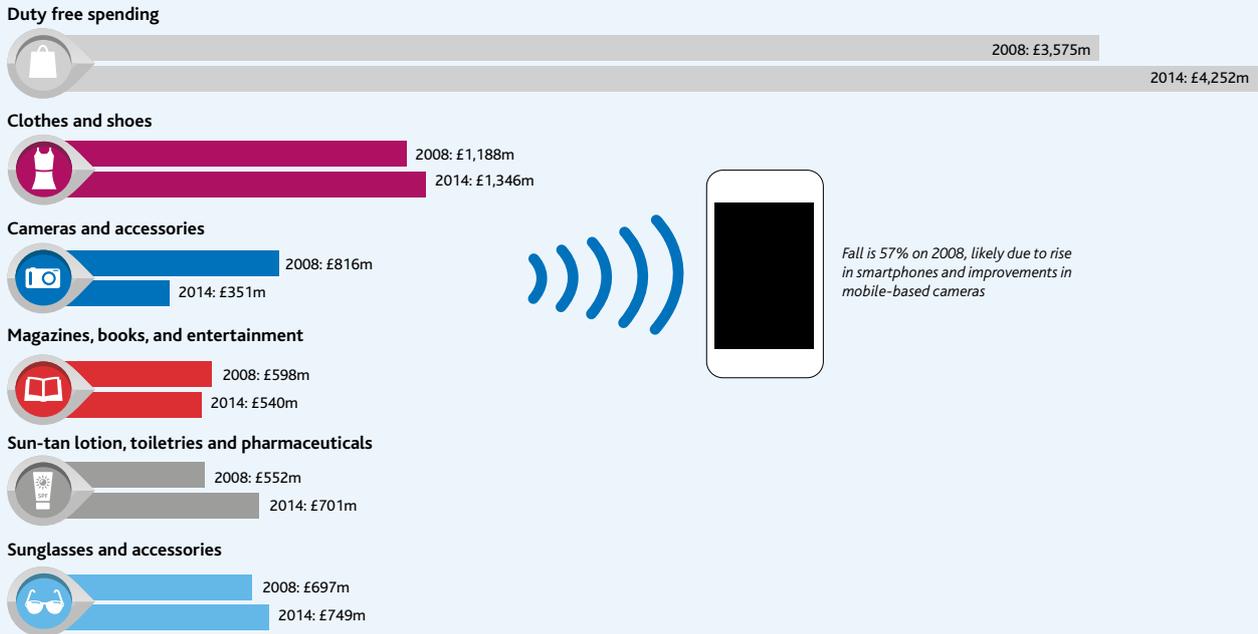
Domestic economic activity, as a direct result of outbound travel, accounts for £11.7 billion, but the impact of the sector is not only confined to this. Economic modelling shows that for every £1 generated directly by outbound travel, a further £1.43 is generated elsewhere in the wider economy. This is through the supply chain supporting the industry, including manufacturing of travel products, IT, utilities and transportation. When the supply chain is considered, the total economic contribution of the outbound travel sector is £28.3 billion.

Figure 1: Total economic contribution of outbound travel, 2008-2014



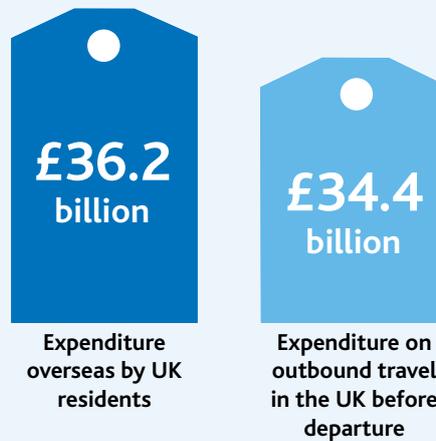
Source: Cebr 2015

Figure 2: UK holidaymaker spending in UK, 2008-2014



Source: Tourism satellite accounts, Cebr 2015

Figure 3: Spend abroad v spend in the UK



Source: Tourism satellite accounts, Cebr 2015

Figure 4: Growth of real gross domestic household income (GDHI) in the UK, from 2008-2020



Source: Cebr 2015

## Employment contribution

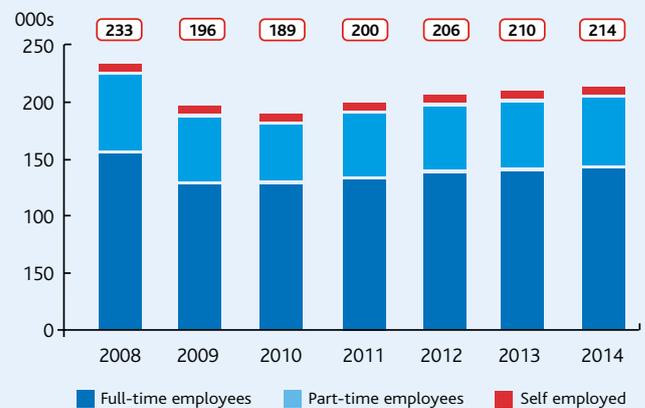
Analysis of the UK jobs market finds that outbound travel is directly responsible for providing 214,000 jobs (full-time, part-time and self-employed), equivalent to 181,000 full time equivalent (FTE) positions, and 0.8% of employment across the UK.

This study finds that for every direct job in the outbound sector, a further 1.41 FTE jobs are created in the supply chain supporting the industry. This equates to an overall impact on UK employment of 435,000 FTE.

While employment levels are rising, numbers are anticipated to recover more slowly than GVA, with the sector still 15,000 direct FTE jobs down on 2008 levels. The industry can anticipate recovery to pre-recession direct employment levels by 2020.

The study also looks at the regional importance of the industry in terms of employment. The findings show that the nations and regions outside of London are bouncing-back from the recession more strongly than the capital. Notably, while London remains 17% down on pre-recession employment levels, the West Midlands has already seen a recovery to 2008 levels, and Northern Ireland is just 3% below pre-recession numbers.

Figure 5: Outbound travel's contribution to UK employment, 2008-2014



Source: Cebr 2015

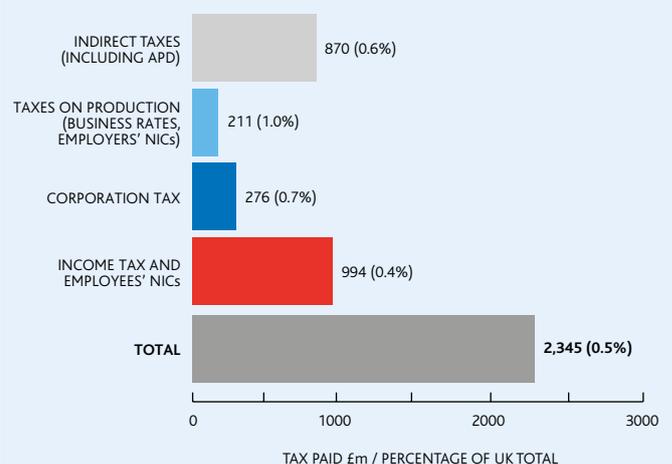
## Tax contribution

Outbound travel contributes a healthy £2.3 billion to the UK Exchequer annually.

Indirect taxes, including VAT and Air Passenger Duty (APD), account for a large share of this figure, totalling £870 million, while the largest share comes from income taxes and employee National Insurance Contributions of £1.045 billion.

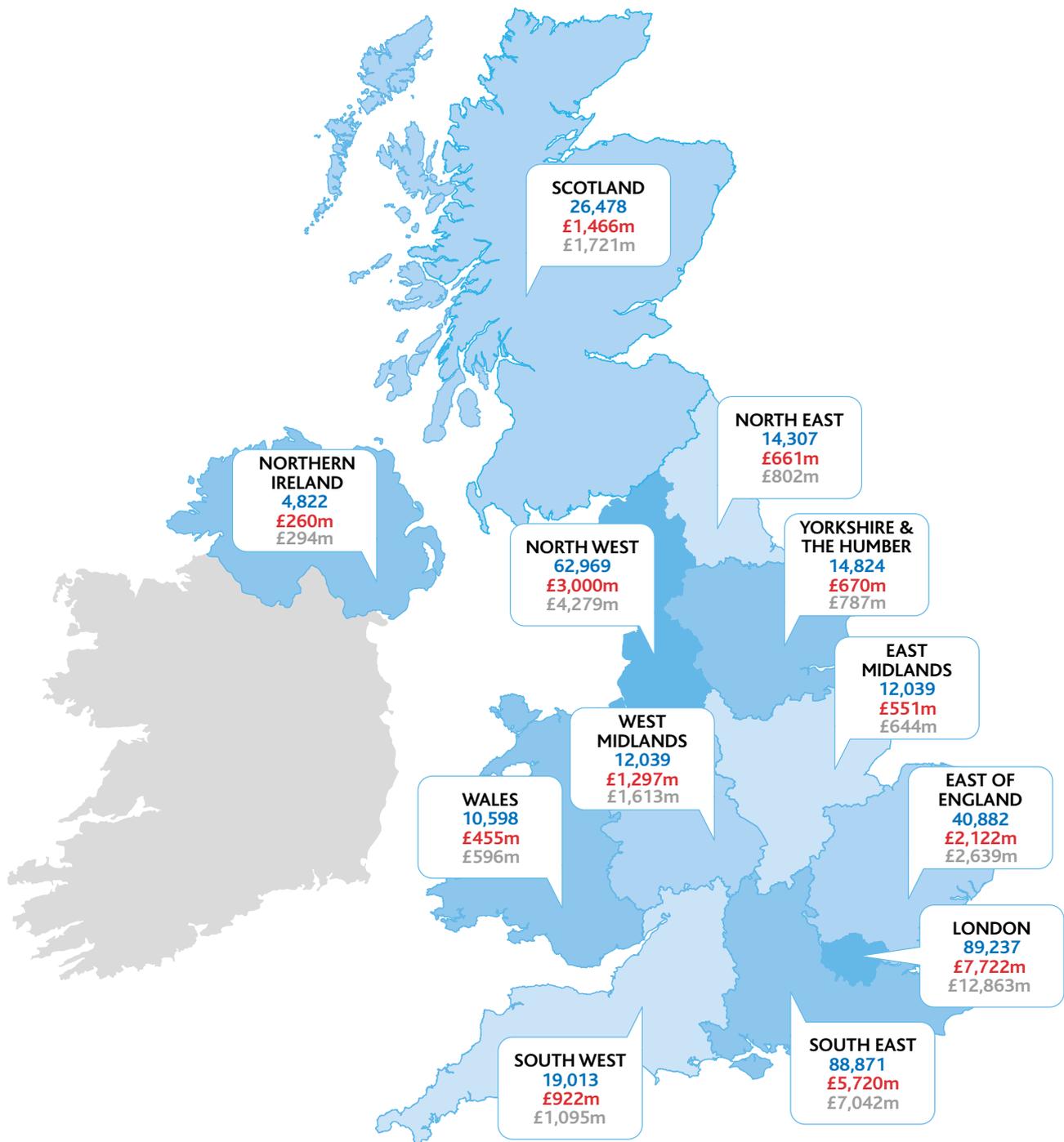
The remaining tax take from the outbound sector is made up of taxes on production, such as business rates and corporation tax.

Figure 6: Tax contributions of the outbound travel industry, 2013-14 (£m)



Source: ONS, HMRC, Cebr analysis

# UK at a glance



- 0,0 Aggregate employment contribution (Full Time Equivalent)
- £m Aggregate GVA contribution
- £m Regional spending 2014

Source: Cebr analysis

## About this study

This study, carried out by the Centre for Economics and Business Research (Cebr) for ABTA – The Travel Association, investigates the full extent, size and importance of the UK outbound travel sector. This study was carried out in spring 2015.

The Cebr provides independent economic forecasts and analysis to private, public and third sector organisations. Founded in 1993, Cebr has helped hundreds of clients plan for the future, and better understand their markets.

For this study, the Cebr has isolated those parts of the relevant broad sectors of the economy that are either: (i) geared to the provision of the goods and services that form part of the outbound travel offering; or (ii) exist as a direct result of outbound travel or, rather, that might not exist if it were not for UK outbound travel.

The starting point for this was to establish a 'definition' of outbound travel to form the basis of this analysis. In formulating such a definition, Cebr used the structure of the economy as a guide that provides the basis for the UK Office for National Statistics (ONS) system of national accounts.

A full overview of the methodology used in the preparation of this study, as well as full tables and data is available on the ABTA website at: [abta.com/drivinggrowth](http://abta.com/drivinggrowth)

ABTA is the UK's largest travel association, representing travel agents and tour operators that sell £32 billion of holidays and other travel arrangements each year.

We have been a trusted travel brand for more than 65 years offering advice and guidance to the travelling public, as well as leading the travel industry in supporting high service standards, working with our Members on health and safety, and promoting responsible tourism at home and abroad.

### The ABTA Offer

Our Offer of support, protection and expertise, means holidaymakers and business travellers can have confidence in ABTA; and a strong trust in our Members. These qualities are core to us, and help customers remain confident in the holidays and travel experiences that they buy from our Members.

We are able to make this commitment by having our Members abide by the ABTA Code of Conduct, which governs areas such as accurate advertising, fair terms of trading, changes to bookings and managing customer complaints.

Find out more at [abta.com/confidence](http://abta.com/confidence)