



The economic value of outbound travel to the UK economy

Report for ABTA – The Travel Association

June 2015

Cebr

Disclaimer

Whilst every effort has been made to ensure the accuracy of the material in this document, neither Centre for Economics and Business Research Ltd nor the report's authors will be liable for any loss or damages incurred through the use of the report.

Authorship and acknowledgements

This report has been produced by Cebr, an independent economics and business research consultancy established in 1992. The views expressed herein are those of the authors only and are based upon independent research by them.

The report does not necessarily reflect the views of ABTA.

London, June 2015

Contents

Executive Summary	5
1 Introduction	8
1.1 Background and aims of the study	8
1.2 Overview of the study and methodology	8
1.3 Setting the scene: key outbound travel trends	10
1.4 Structure of the report	12
2 Approach and methodology	13
2.1 Sizing the outbound travel sector through the Tourism Satellite Accounts	13
2.2 Going beyond the Tourism Satellite Accounts	14
2.3 Using input-output analysis to produce direct and multiplier impacts	16
3 Direct economic contributions of the sector	17
3.1 Gross Value Added and share of UK GDP	17
3.2 Contribution to employment	18
3.3 Contribution to the UK Exchequer	19
3.4 Market structure	19
4 Wider multiplier impacts of the outbound travel sector	22
4.1 Embedding outbound travel within Cebr’s wider impacts modelling framework	22
4.2 Wider multiplier impacts of the outbound travel sector on GVA	23
4.3 Wider multiplier impacts of outbound travel on employment	24
4.4 Wider multiplier impacts of outbound travel on household incomes	25
5 Contribution of outbound travel to the nations and regions of the UK	27
5.1 Overview of methodology	27
5.2 Summary of the national and regional impacts of outbound travel	27
5.3 North East of England	30

5.4	North West of England	31
5.5	Yorkshire and the Humber	32
5.6	East Midlands	33
5.7	West Midlands	34
5.8	East of England	35
5.9	London	36
5.10	South East of England	37
5.11	South West of England	38
5.12	Wales	39
5.13	Scotland	40
5.14	Northern Ireland	41
6	The future of UK outbound travel	42
6.1	UK macro conditions	42
6.2	Regional economic trends	43
6.3	Forecasts of the future economic contributions of outbound travel	48
	Appendix	50

Executive Summary

This study, commissioned by ABTA - The Travel Association, builds on work first completed in 2012, and investigates the full extent of the size and importance of the UK outbound travel sector. It reveals that the commercial activities powered by the UK public's desire to travel abroad outstrip the entire UK farming and fishing industry.

And, so important is outbound travel to the UK economy that it provides more jobs than the advertising and market research industry. Jobs in the outbound travel sector also exceed the numbers provided by notable manufacturing industries, such as food and electrical equipment.

This report, by the Centre for Economics and Business Research (Cebr) finds that outbound travel could itself be sufficiently large to be classed as an industry sector in its own right.

In what follows, Cebr presents a summary of its findings on the contribution of outbound travel to UK GDP, employment and to the Exchequer. This builds on Cebr's 2012 study, also on behalf of ABTA, on the economic value of outbound travel to the UK economy.

Scope and methodological overview

Economic assessments of the impact of tourism on the UK economy have tended to focus on the value of inbound and domestic tourism, with little to no attention paid to the contribution of outbound travel. The purpose of this report is to continue to fill this gap by examining the size of outbound travel in the UK and the contribution it makes to the UK economy, that of its nations and the English regions. What the report demonstrates is that there are elements of several industries in the UK that exist for the primary purpose of serving outbound travellers, and that they are worthy of consideration as part of a wider **travel economy**.

This analysis uses the data provided in the Office for National Statistics' (ONS') Tourism Satellite Accounts as its starting point, along with the 2005 Morgan Stanley survey of expenditure at airports. Using these data and making a number of adjustments, it is possible to calculate 2014 estimates of total expenditure by UK outbound tourists in the UK.

The goods and services purchased through these expenditures can be mapped to the industries that produce and provide them, using the Standard Industrial Classification (SIC) system. As such, the study examines the contributions and impacts of an outbound tourism 'sector' within a 'production approach' framework to calculating GDP. The GDP contribution of the sector is based on the gross value added (GVA), or economic output, generated by all the businesses (small, medium and large) that operate within the definition of the outbound travel sector adopted for the study.

This ensures compatibility with the ONS' national accounting framework. Specifically, the analysis uses the supply-use tables and input-output data and Cebr's input-output models to establish both the direct economic contributions and the wider multiplier impacts of the outbound travel sector, both in the UK and in its constituent nations and regions.

Key outbound travel trends

Outbound travel is on the rise as the UK begins to emerge from a protracted downturn. In 2014, 60.9 million people from the UK travelled abroad, equivalent to an increase of 10% from 2010 (see Figure 1). However, the number of visits and expenditure abroad are still down 12% and 2%, respectively, on 2008's pre-recession levels. Nonetheless, the more recent trends are positive and suggest a recovery in confidence about travelling abroad and spending money whilst there.

Greater employment and the expected pick-up in household earnings provide positive signs but, in the individual nations and regions that remain heavily reliant on the public sector, post-election austerity measures have the potential to keep demand for outbound travel depressed below 2008 levels.

Direct contributions of the UK outbound travel sector

In broad terms, ABTA and Cebr have discovered, though extensive investigation and economic modelling of the latest official data, that:

- In 2014, total expenditure within the UK by residents engaged in outbound travel amounted to £34.3 billion. This equates to an increase of 20% on 2010 levels.
- The outbound travel sector accounted for approximately **0.8% of UK GDP** in 2014, directly contributing **£11.7 billion to the economy in gross value added (GVA)**. This is a 21% increase in the GVA contribution of the sector since 2010. The **equivalent direct monetary contribution to GDP amounts to about £12.2 billion**.
- The outbound travel sector has higher or equivalent levels of FTE employment as many other well-known and important industries, such as the machinery and equipment, food and electrical equipment manufacturing industries. Jobs provided directly by the outbound travel sector accounted for **0.8% of total UK employment** in 2014. This equates to approximately 214,500 employees. Employment in the sector has increased by 14% since 2009, but has not yet reached its pre-recession peak of 233,200 employees seen in 2008.
- Cebr estimates that the outbound travel sector paid about £7.3 billion in gross employee compensation in 2014, making a substantial contribution to aggregate household incomes in the UK. Employee compensation thus accounts for a 62% share of the sector's direct GVA contribution.
- The sector also made a direct contribution of **£2.4 billion to the Exchequer** in 2014, 0.5% of the aggregate HMRC tax take in that year.
- The majority of the industries that make up Cebr's definition of the outbound travel sector are comprised of micro firms (employing up to 9 people). By contrast, large businesses (employing 250 people or more) account for relatively small proportions of the enterprises in these industries.

Wider multiplier impacts of the UK outbound travel sector

Cebr's wider impact modelling of the outbound travel sector reveals that:

- When direct, indirect and induced impacts are taken into account, the outbound travel sector makes an **aggregate GVA impact of £28.3 billion**. This equates to a 1.8% share of UK GDP.
- Through the same supply chain (indirect) and employee spending (induced) impacts, the analysis finds that the sector's impact stretches to about **435,000 FTE jobs** in 2014.

- The employee compensation multiplier, capturing indirect and induced impacts on that part of GVA dedicated to remunerating employees, suggests that, for every £1 of employee compensation paid by the outbound travel sector, another £1.22 is generated for the employees of the sector's supply chain and in the sectors that benefit from the outbound travel sector's induced (employee spending) impacts. Therefore, of the £28.3 billion GVA impact of the sector, 57% is paid to employees throughout the economy.

Contribution of outbound travel to the regions

Cebr's direct and wider economic impact modelling at the national and regional level suggests that:

- The largest absolute regional contribution made by the outbound travel sector is in London – estimated at £7.7 billion in 2014, including direct and multiplier impacts. The smallest contribution in 2014 was made in Northern Ireland at £260 million.
- The relative contribution of outbound travel is also largest in London, at 1.1% of the London economy as measured through aggregate GVA.
- The relative contribution of the sector is also important in the South East and North West of England, accounting for 1.0% of aggregate GVA in each.
- The largest absolute regional employment impact is also in London, with outbound travel's aggregate employment contribution at approximately 89,200 FTEs in 2014. This constitutes 1.0% of all employment in London.
- But the South East and North West of England are the most significant beneficiaries in relative employment terms. The outbound travel sector provides 1.1% of aggregate FTE employment in both these regions.
- Across the UK nations and regions, the sector has the most significant aggregate (indirect and induced) multiplier impacts in the East and South East of England. These regions benefit from induced spill over impacts that result from significant proportions of London workers residing in the East and South East, where they are more likely to spend the majority of their earnings.

The future outlook for the UK outbound travel sector

- Demand for outbound travel is dependent on disposable income and discretionary spending. Using economic modelling and Cebr's in-house macroeconomic forecasts of UK household spending, this report predicts future expenditure on outbound travel.
- Consequently, Cebr expects the GVA contribution of the outbound travel sector to reach £14.7 billion by 2020. This would constitute growth of 26% on 2014 levels. The strongest growth is expected in the 2015-16 period, before the introduction of further austerity measures on public spending in the medium term dampens growth in 2017-2020.
- Cebr estimates that the outbound travel sector will account for approximately 201,000 full-time equivalent (FTE) jobs by 2020, which would be equivalent to an 11% increase on 2014 levels (there were approximately 180,800 FTEs employed in the outbound travel industry in 2014). But FTE employment levels are only likely to surpass pre-recession levels in 2020.
- Employment in the sector is predicted to rise by 3% in 2015 from 2014, but thereafter growth is expected to remain subdued at 1% per annum.

1 Introduction

This is a report by Centre for Economics and Business Research (Cebr), on behalf of ABTA, on the value of outbound travel to the UK economy. It builds on work first completed in 2012, and investigates the size and importance of the UK outbound travel sector.

1.1 Background and aims of the study

Economic assessments of the impact of tourism on the UK economy have tended to focus on the value of inbound and domestic tourism, with little to no attention paid to the contribution of outbound travel.¹ The purpose of this report is to continue to fill this gap by examining the size of outbound travel in the UK and the contribution it makes to the UK economy, that of its nations and the English regions. What the report demonstrates is that there are elements of several industries in the UK that exist for the primary purpose of serving outbound travellers, and that they are worthy of consideration as part of a wider **travel economy**.²

The report provides estimates of the ‘direct’ contribution of outbound travel, as measured by the contributions made by the relevant subset of industries that make up the outbound travel sector to macroeconomic indicators such as gross value added (GVA³) and employment. The report also considers the ‘indirect’ contributions made by outbound travel to the wider economy, for example through the creation of additional jobs in those sectors that supply the outbound travel industries.

1.2 Overview of the study and methodology

Publicly available data sources on outbound travel provide little in the way of insights on the importance and value of outbound travel to the UK economy. Rather, they tend to focus on UK residents’ visits abroad and how much they spend in the foreign countries they are visiting.⁴ The exception is the Tourism Satellite Accounts (TSAs), which provides the starting point for this report. They identify expenditures made within the UK by those holidaying or visiting friends and relatives abroad, as well as by or on behalf of outbound business travellers.

¹ See, for example, the joint study by Deloitte and Oxford Economics, “Tourism: jobs and growth; The economic contribution of the tourism economy in the UK”, November 2013. This updates previous work (2009, 2010) on the ‘visitor’ economy, outbound travellers are – perhaps naturally – excluded.

² This hypothetical ‘travel economy’ would incorporate Deloitte’s Visitor Economy. Yet the focus of this study remains outbound travel.

³ GVA or gross value added is a measure of the net value of goods and services which, in the national accounts, is the value of industrial output less intermediate consumption. That is, the value of what is produced *less* the value of the intermediate goods and services used as inputs to produce it. GVA is also commonly known as income from production and is distributed in three directions – to employees, to shareholders and to government. GVA is linked as a measurement to GDP – both being a measure of economic output. That relationship is (GVA + Taxes on products - Subsidies on products = GDP). Because taxes and subsidies on individual product categories are only available at the whole economy level, GVA tends to be used for measuring things like gross regional domestic product and other measures of economic output of entities that are smaller than the whole economy. GVA must be distinguished from turnover measures, which capture the entire value of sales. By contrast, GVA captures the value added to a set of inputs by a firm on their journey from raw materials to finished consumer products. Thus the value added of a firm that uses oil imports to make plastics is equal to the price that it sells the plastic for minus the cost of the oil it uses as inputs. Similarly the value added of a manufacturer that uses that plastic to make a bus shelter is equal to the price that it sells the bus shelter for minus the cost of the plastic it uses as an input. The concept of added value enables the avoidance of double counting when estimating the size of an economy.

⁴ In other words, they only provide an indication of what outbound travel contributes to economies other than the UK.

Using the TSAs, Cebr isolated those parts of the relevant industries that are geared to serving the needs and wants (in the form of goods and services) of outbound travellers. This collection of elements of various industries constitutes the working 'definition' of an outbound travel 'sector' that forms the basis of the analysis. In formulating this definition, Cebr used the structure of the economy that provides the basis for the UK Office for National Statistics' (ONS) system of national accounts as its guide. Economic activities are broken down according to the Standard Industrial Classification (SIC) system, the most recent being SIC 2007.

Using the highest level of industrial disaggregation (i.e. the SIC 2007 Sections or '1-digit sectors'), the following is a summary of what Cebr was asked to capture within its definition of the outbound travel sector:

- Transportation and storage: those parts of the transportation sector that serve outbound travel, including by air, water and land;
- Administrative and support services: the parts of this sector relating to the activities of travel agents and tour operators as they relate to outbound travel.
- Accommodation and food service activities: accommodation and food services that are provided to outbound travellers on their way out of the country.
- Wholesale and retail: the parts of this sector related to retail spend by outbound travellers on items they purchase for their holiday.
- Information and communications: those elements of the publishing industry that produce brochures, guide books and internet-based information on outbound tourist destinations, as well as those industries that supply ICT infrastructure and support services for the various outbound tourism businesses, such as the infrastructure, software and services required to support the global booking systems of travel agents and tour operators.
- Professional, scientific and technical activities: those elements of the advertising industry dedicated to marketing outbound tourist destinations within the UK, as well as private consultancy services that generate revenues from outbound transport and tourism.
- Financial and insurance services: travel insurance for outbound travellers and activities related to financial protection for outbound travellers through the bonding system.
- Arts, entertainment & recreation: the numerous fairs and trade shows up and down the UK on outbound holiday destinations.
- Public administration & defence services: those elements of the public sector geared towards serving outbound travel, such as passport services, border control and certain functions of the Civil Aviation Authority and Department for Transport.

While some of these activities are geared towards the provision of goods and services directly to outbound travellers, others are incorporated through their role in the supply chains of the various outbound travel industries that make up the sector. Outbound travel also has a role in the supply chain of most, if not all, other sectors through business travel. While outbound travel is, therefore, a relatively complex industry to isolate, the analysis underlying this report has sought to see through this complexity.

To establish the size and economic impact of outbound travel on the UK economy, Cebr adopts the framework provided by the ONS' supply-use tables. These tables show the relationships between the supply of and demand for goods and services, as well as the interactions between different sectors of the economy in producing their output. Using the supply-use framework to analyse a complex sector such as outbound travel is one of the best means of ensuring consistency with the national accounting framework.

This means that it was important to be able to assign an explicit role within this framework for outbound travel, which essentially involved **the reassignment of elements of other industries to the newly created** – for the purposes of this study – **outbound travel sector**, and re-mapping the relationships between this group of sub-industries with the industries that form the rest of the economy. Where reliable information was not available to map these relationships precisely, Cebr used the relationships inherent in the broader supply-use tables.

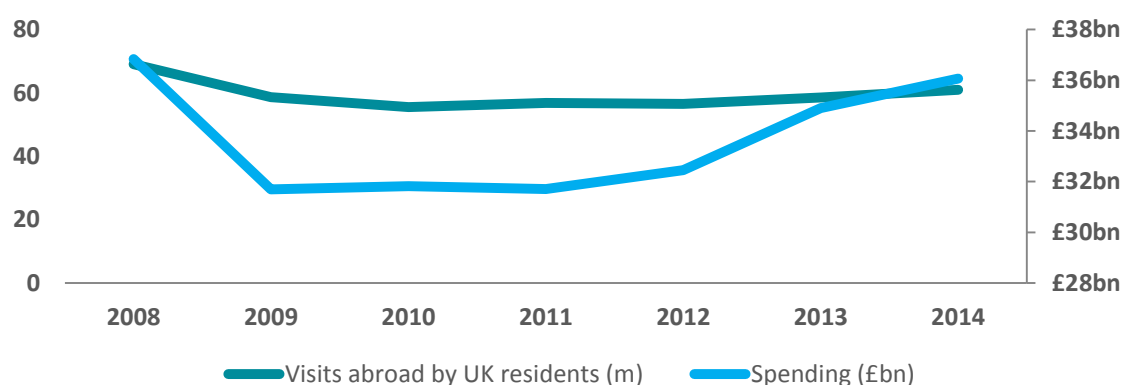
Having assigned a role for outbound travel within the supply-use framework, this provided the foundation for establishing the size of the UK's outbound travel sector and for assessing its impact on the UK economy. The size and contribution of the sector was assessed through standard metrics relating to GVA (and, from this, the direct share of GDP), exchequer contributions and employment.

To measure economic impacts, Cebr used input-output modelling to estimate a full set of multipliers capturing direct, indirect and induced effects. This is the most robust method for determining the full extent of the contributions of a sector to an economy and facilitates comparisons with other sectors. Having completed the UK-level input-output analysis, Cebr produced equivalent sets of direct and multiplier impacts for each of the UK nations and English Government Office regions.

1.3 Setting the scene: key outbound travel trends

Outbound travel is on the rise as the UK begins to emerge from a protracted downturn. In 2014, 60.9 million people from the UK travelled abroad, equivalent to an increase of 10% from 2010 (see Figure 1). Also in 2014, a total of £36.1 billion was spent by UK residents whilst abroad, growth of 13% from 2010 levels. However, the number of visits and expenditure abroad are still down 12% and 2%, respectively, on 2008 levels. Nonetheless, the more recent trends are positive and suggest a recovery in confidence about travelling abroad and spending money whilst there. (See Figure 1 below.)

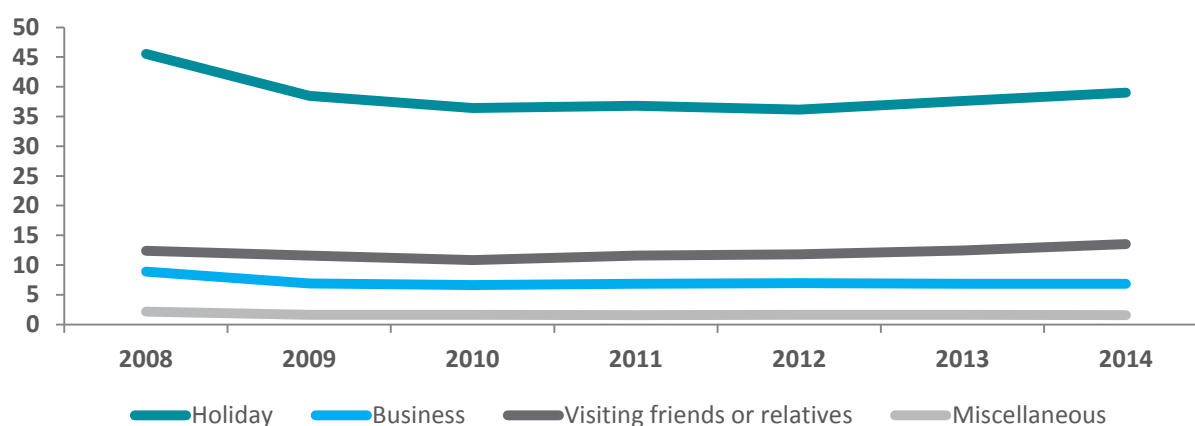
Figure 1: Trend in the number of visits abroad (millions) (left axis) and expenditure abroad (£billion) (right axis), by UK residents, between 2008 and 2014



Source: Office of National Statistics, Cebr analysis

The significance of the holiday market within outbound travel is highlighted in Figure 2, with 64% of all visits abroad made for holiday purposes in 2014. But, if 'visiting friends or relatives' is viewed as a holiday, then the holiday market accounted for 75% of all outbound travel in 2014. Travel abroad for business purposes has increased slightly between 2010 and 2014 (by 3%) but is still 23% lower than the number of visits made in 2008. By contrast, between 2010 and 2014 visits abroad for holiday purposes grew by 7%. These trends suggest the importance of leisure travel in driving the growth in demand for outbound travel and, as demonstrated in previous Cebr research, in sustaining business routes.⁵

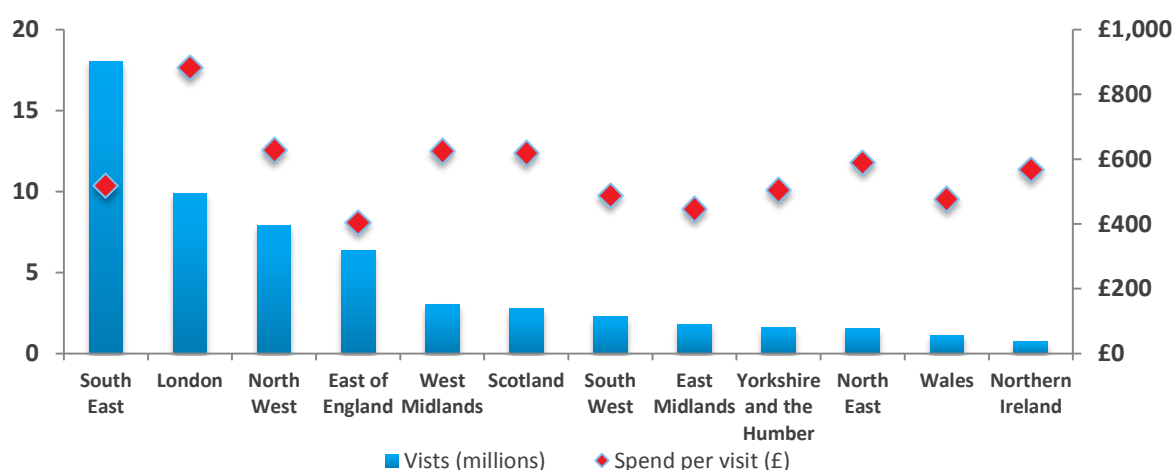
Figure 2: Trend in the type of visits abroad by UK residents (millions), between 2008 and 2014.



Source: Office of National Statistics, Cebr analysis

A regional breakdown of visits abroad based on the number of outbound passengers passing through the ports and airports located in those regions is illustrated in Figure 3 (including the Channel Tunnel).

Figure 3: Estimated regional breakdown of visits abroad by UK residents (millions) (left axis) and expenditure abroad per visit, (£) (right axis) based on location of origination airport or other port in 2013



Source: Office of National Statistics, International Passenger Survey, Cebr analysis

⁵ "The UK's leisure aviation economy: A study on the economic size and the impact of leisure air travel on the UK economy", report for ABTA, Cebr (2013).

Naturally, this is heavily skewed towards London and the South East of England, the regions in which the largest UK airports are situated, but also to a lesser extent the North West and East of England regions.

1.4 Structure of the report

The remainder of the report is structured as follows:

- Section 2 explains how the UK outbound travel sector is defined and provides an overview of the approach and methodologies underlying the findings presented in later sections.
- Section 3 assesses the direct contribution of outbound travel to the UK economy. This is considered in terms of GVA, employment, employee compensation and exchequer contributions.
- Section 4 sets out the study's findings on the wider macroeconomic contributions of the outbound travel sector, through its indirect and induced multiplier impacts.
- Section 5 examines both the direct and multiplier impacts of the outbound travel sector in each of the UK's smaller nations and the English regions.
- Section 6 considers the outlook for the outbound tourism sector and provides indicative forecasts of the future economic contribution of the UK outbound travel sector.

2 Approach and methodology

The scope of and methodology used in this study are broadly the same as those underlying a similar study undertaken in 2012 in which Cebr assessed the size and value of outbound travel. This section recaps on the methodology used to assess the contribution of outbound travel to the UK economy.

Cebr uses the Office for National Statistics' (ONS') Standard Industrial Classification framework (SIC). This provides the underlying data collection framework for much of the economic data produced by the ONS. This includes the UK 'business economy' and national accounting framework, which are the foundations on which the macroeconomic models, used to estimate the impact of outbound travel presented in this report, were developed by Cebr.

The analysis uses the data provided by the ONS' TSAs as its starting point. These helped Cebr to isolate those parts of the relevant industries that are geared to serving the needs and wants of outbound travellers. This collection of elements of various industries constitutes the working 'definition' of an outbound travel 'sector' that forms the basis of the analysis. The specific industries included within Cebr's definition of the outbound travel sector is discussed in more detail below.

2.1 Sizing the outbound travel sector through the Tourism Satellite Accounts

The ONS produces Tourism Satellite Accounts (TSAs) with the aim of providing a better understanding of both the size and importance of the tourism sector as a whole.⁶ The latest version relates to 2011 and these provided the starting point for this study. The TSAs are not entirely comprehensive, however, as they arguably do not include all expenditures that are driven by outbound travel.

The TSAs reflect products and services purchased by outbound tourists from three broad SIC product or service groupings, namely:

- Accommodation and food services: accommodation and food services that are provided to outbound travellers on their way out of the country;
- Transportation and storage: those parts of the transportation sector that serve outbound travel, including by air, water, rail and other surface transport modes;
- Administrative and support services: the parts of this sector relating to the activities of travel agents and tour operators as they relate to outbound travel.

The TSAs also show significant expenditure on 'other consumption products'. This is based on a 2005 Morgan Stanley survey of expenditure at airports. This includes the following categories of spending:

- Duty free spending;
- Currency exchange;
- Car park charges;
- Clothes and shoes;
- Cameras and accessories (e.g. film, batteries);

⁶ They include inbound, domestic and outbound travel.

- Sunglasses and accessories;
- Magazines, books and entertainment; and
- Sun-tan lotion, toiletries and pharmaceuticals.

These categories of expenditure by outbound travellers can be mapped to industries in the national accounting framework using the SIC system. But, as already noted, it can be argued that the TSAs are not entirely comprehensive, which makes it necessary to go beyond the TSAs to capture the true extent of the outbound travel sector and all the expenditures driven by outbound travel.

2.2 Going beyond the Tourism Satellite Accounts

Given the need to reflect the latest available data in this study, Cebr produced current estimates of the data contained in both the TSAs and the Morgan Stanley survey. In doing so, the following adaptations were made:

- An amount is included to reflect Government consumption spending on those elements of the public sector geared towards outbound travel, such as passport services, border control and certain functions of the Civil Aviation Authority and Department for Transport.
- An amount is included to reflect the export of conference and exhibition services to those marketing outbound tourist destinations in the UK.
- An amount is included to reflect those elements of the printing industry that produce brochures and guide books on outbound tourist destinations.
- The analysis assumes that there is also retail spend by outbound tourists that takes place closer to home, and not at the airport or other point of departure. This is forecast to be 100% of what is spent at points of departure.⁷
- An amount is included to reflect spend on travel insurance, which is based on research by the Association of British Insurers.

The 2010 and 2014 estimates of the total expenditure by outbound tourists, incorporating the adjustments outlined above, are detailed in Table 1, broken down by the SIC 2-4-digit good or service categories on which these expenditures are made. This illustrates that over the period 2010-2014, UK domestic expenditure on outbound travel has increased by 20%.

Table 1: UK domestic expenditure on outbound travel by SIC product category, 2010 and 2014 estimate, £m

SIC	Good/service category description	2010 (£m)	2014 (£m)
11.01-6	Alcoholic beverages	1,679	2,118
12	Tobacco products	1,691	2,134
14	Wearing apparel	962	1,099
15	Leather and related products	216	247
18	Printing and recording services	521	540

⁷ Cebr believes that most 'holiday shopping' takes place before arrival at the airport and much closer to home. If this is the case, the 100% assumption would arguably constitute an underestimate.

SIC	Good/service category description	2010 (£m)	2014 (£m)
20.4	Soap, detergents...perfumes and toilet preparations	459	701
26	Computer, electronic and optical products	539	351
32	Other manufactured goods	605	749
49.1-2	Rail transport	496	552
49.3-5	Land transport services and transport services via pipelines, excluding rail transport	682	717
50	Water Transport	434	493
51	Air Transport	13,297	16,564
52	Warehousing and support services for transportation	2,002	2,299
55	Accommodation	523	578
56	Food And Beverage Service Activities	500	600
65.1-2 & 65.3	Insurance, reinsurance and pension funding services	257	272
66	Services auxiliary to financial services & insurance	2,172	2,595
79	Travel Agency, Tour Operator And Other Reservation Service And Related Activities	1,393	1,663
82	Office Administrative, Office Support And Other Business Support Activities	4	3
84	Public administration and defence services; compulsory social security services	108	99
	Total 'outbound travel' expenditures	28,540	34,373

Source: TSAs, Cebr analysis

These total expenditure estimates are allocated according to new ONS' data on the 'Regional Value of Tourism', published in 2014 and based on 2011 data. This provides a regional breakdown of tourism expenditure by type of tourism i.e. inbound, outbound etc. Cebr's estimates of the regional expenditure on outbound travel are presented in Table 2 below. This allocates Cebr's estimated £34.4 billion total outbound expenditures across the nations and regions of the UK in line with official data.

Table 2: Regional expenditure on outbound travel, 2014, £m

UK Nation/Region	2014 (£m)
UK	34,373
England	31,763
London	12,863
South East	7,042
North West	4,279
East of England	2,639
Scotland	1,721
West Midlands	1,613

UK Nation/Region	2014 (£m)
South West	1,095
North East	802
Yorkshire & The Humber	787
East Midlands	644
Wales	596
Northern Ireland	294

Source: ONS Regional Value of Tourism dataset, Cebr analysis

2.3 Using input-output analysis to produce direct and multiplier impacts

Having produced 2014 estimates of outbound travel expenditures and categorising them according to the relevant SIC product categories, as detailed in Table 1, these final demand expenditure estimates are fed into Cebr's macroeconomic impact modelling framework. A role for that part of the retail sector that is geared to serving outbound travellers was also established, as it is retailers who sell the manufactured goods detailed under SIC codes 11 to 32 in Table 1 above.

The input-output models that Cebr uses for the purposes of estimating the impacts of a 'hybrid' sector like outbound travel are based on the ONS' national accounting framework. They show how much the industries from which the outbound travel 'sector' is drawn spend on inputs from other industries in the economy as well as other parts of their own industries. Thus, the economic footprint of the sector can be traced through its supply chain relationships with other sectors.

This generates output and employment in those sectors and increases earnings and employee spending in the wider economy. These models help establish both the direct economic contributions and the indirect and induced multiplier impacts of the outbound travel sector on the wider UK economy.

Cebr's in-house regional input-output models are used to produce unique estimates of the direct and multiplier impacts of the outbound travel sector on the individual UK nations⁸ and English regions.⁹ The starting point was the regional expenditure breakdown presented in Table 2 above.

⁸ England, Scotland, Wales and Northern Ireland.

⁹ The North East of England, the North West, Yorkshire and The Humber, the East Midlands, West Midlands, East of England, London, South East and South West of England.

3 Direct economic contributions of the sector

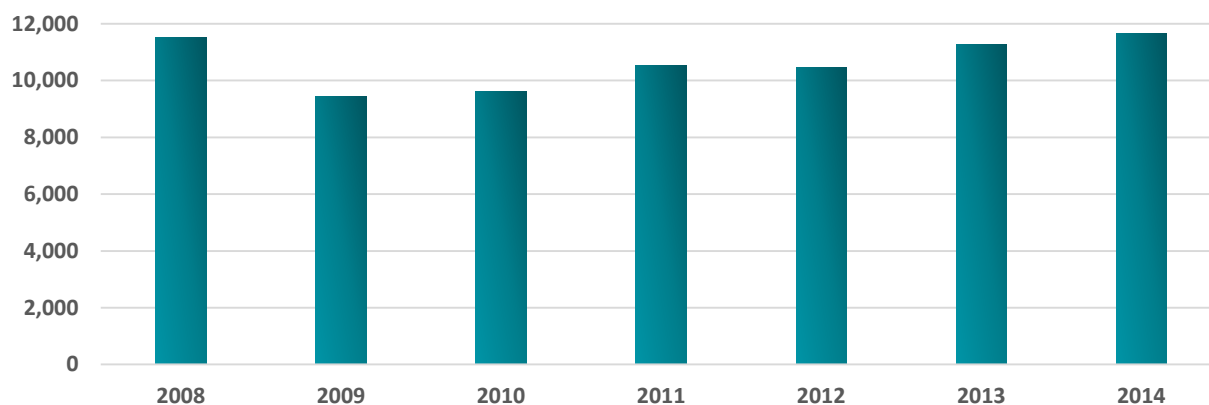
This section presents Cebr's findings on the direct economic contributions made by the outbound travel sector to the UK economy in terms of gross value added (GVA), % share of GDP and employment. This analysis examines the performance of these indicators over the period 2008 to 2014. It also examines the market structure and exchequer contributions of the sector.

3.1 Gross Value Added and share of UK GDP

This section examines the economic contribution of outbound travel in terms of gross value added (GVA), or economic output, generated by all the businesses (small, medium and large) that operate within the outbound travel sector, as defined for the purposes of this study. GVA is a measure of the value from production in the national accounts and can be thought of as the value of gross output (or turnover) less the value of intermediate inputs used to produce that output.

As illustrated in Figure 4, the GVA generated by the outbound travel sector saw a significant decline in 2009 as a result of the recession. In that year, GVA fell from £11.5 billion in 2008 to £9.5 billion, representing an 8% fall. The sector recovered in 2010, GVA increasing by 2.8% to £9.6 billion, followed by a further strong increase of 9.3% in 2011 to £10.5 billion. After a slight decline in 2012 of 0.7% to £10.5 billion, GVA recovered again in 2013, rising to £11.3 billion, an increase of 7.7%. **In 2014, the GVA contribution of the outbound travel sector is estimated at £11.7 billion.**

Figure 4: GVA generated by the outbound travel industry, 2008-14, £m, current prices



Source: Cebr analysis

The GVA contribution of the outbound travel sector exceeds that of many well-known industries within the economy. For example, its contribution is larger than that of the postal and courier industry, and it also exceeds that of many notable manufacturing industries, such as those producing food and electrical equipment.

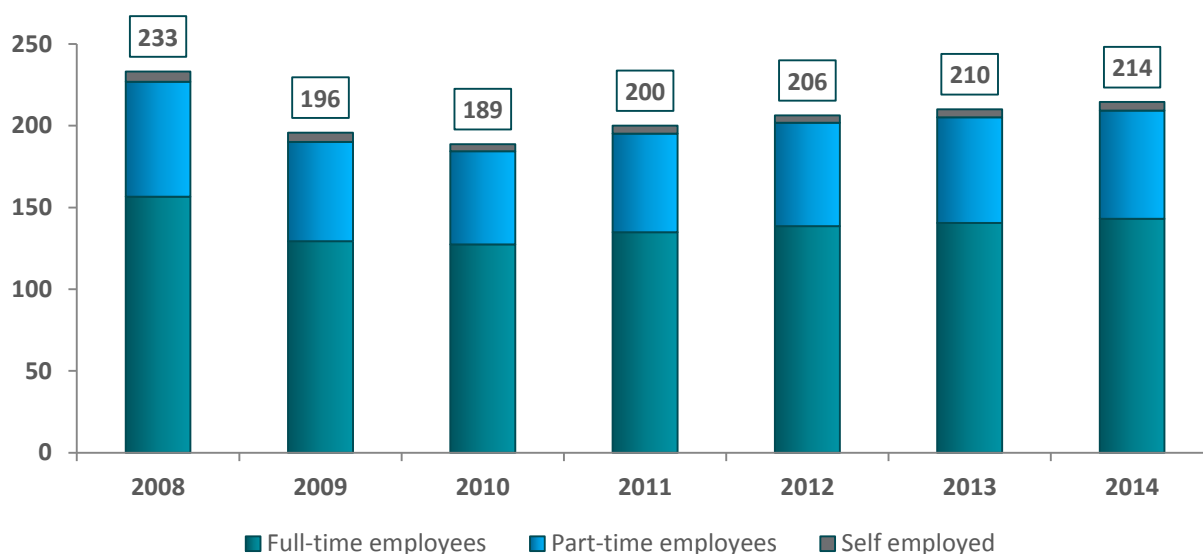
On this basis, Cebr estimates that in 2014, **the outbound travel sector's GDP amounted to £12.2 billion, equating to approximately 0.8% of UK GDP.**¹⁰

¹⁰ The £12.2 billion estimate includes the GVA contribution of £11.7 billion plus Cebr's estimates of the net taxes on the goods and services provided by the outbound travel sector.

3.2 Contribution to employment

Cebr estimates that the outbound travel sector accounts for 0.8% of total UK employment, equivalent to 214,500 employees in 2014. Total employment is composed of about 143,000 full-time employees, 66,200 part-time employees and 5,200 self-employed workers in 2014. These data equate to approximately 180,800 full-time equivalent (FTE) jobs in 2014. The air transport industry accounts for the largest proportion of employment in the outbound travel sector, whilst jobs in travel agents and tour operators are also an important source of employment in the sector.

Figure 5: Summary of outbound travel industry's contribution to employment, 2008 -14 (thousands)



Source: Cebr analysis

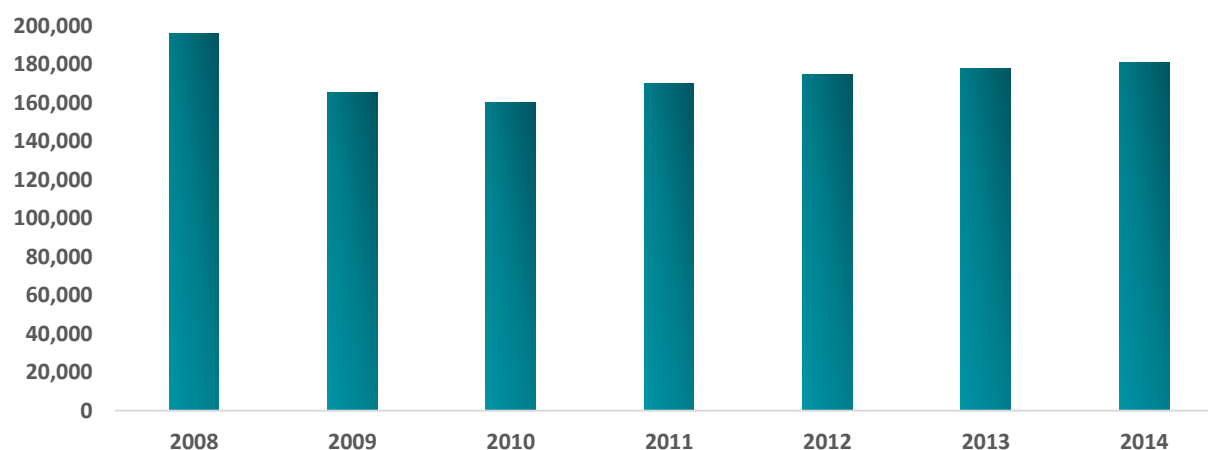
Employment in the outbound travel sector has followed a broadly similar trend to that seen in GVA, as illustrated in Figure 5. Full-time employment fell substantially in 2009 as a result of the recession, decreasing by 17% to 129,300 employees. 2009 also saw significant falls in the employment of part-time and self-employed workers, with employee numbers in each group falling by 14% and 10 % respectively. This is in contrast to trends in the wider economy.

Total employment continued to decline in 2010, with employment of full-time, part-time and self-employed workers falling by 2%, 6% and 23% respectively.

Since 2011 there has been a steady increase in total employment in the outbound travel industry. By 2012, the number of part-time workers had increased by 5% from the previous year to total 63,100 while the number of full-time workers was up 3% to total 138,600 people. The number of self-employed workers continued its decline in 2012 by a further 7% to amount to 4,500 workers.

By 2013, growth in full-time and part-time employment by the sector was down 1% and 2% respectively whereas the self-employed grew by 10%. By 2014, full-time employment had increased by 2% year-on-year to 143,100 employees, while part-time employment rose by 3% to amount to 66,200 employees. Self-employment in the sector was also up 4% to total 5,200. But this leaves the level of total employment in the outbound travel sector still 8% lower than the level in 2008, as illustrated in Figure 6 below.

Figure 6: FTE employment in the outbound travel industry, 2008-14



The outbound travel sector has higher or equivalent levels of FTE employment as many other well-known and important industries. For example, its employment is on a par with that of the industry that manufactures machinery and equipment and greater than other notable manufacturing industries, such as food products or electrical equipment.

3.3 Contribution to the UK Exchequer

Cebr estimates suggest that the outbound travel sector contributed £2.35 billion to the UK Exchequer in 2014, 0.5% of the aggregate HMRC tax take. This is broken down by broad category of taxation for 2014 in Table 3.

Table 3: Tax contributions of the outbound travel industry 2014, £m

Type of tax	Tax paid (£m)	Percentage of UK total
Indirect taxes (including APD)	870	0.6%
Taxes on production (business rates, employers' NICs)	211	1.0%
Corporation tax	276	0.7%
Income tax and employees' NICs	994	0.4%
Total	2,351	0.5%

Source: ONS, HMRC, Cebr analysis

The £2.4 billion contribution includes £870 million of indirect taxes, including VAT and tourism-specific taxes like Air Passenger Duty (APD). The outbound travel industry also contributed over £200 million in business rates and employers' national insurance contributions (NICs). Corporation tax contributions amounted to almost £300 million while income tax and employees' NICs made up the largest share of the total tax contribution of the sector at just under £1 billion.

3.4 Market structure

Using the BIS Business Population Estimates dataset for 2014, this report examines the market structure of the wider industries from which the outbound travel sector, as defined for this study, is drawn. Table 4 presents the numbers of different-sized enterprises in the top 10 (by outbound travel expenditure) broader industries from which Cebr's definition of the sector is drawn. This suggests that the majority of

the industries that make up this definition of the outbound travel sector are comprised of micro firms (employing up to 9 people). By contrast, large businesses (employing 250 people or more) account for a relatively small proportion of total enterprises in these industries.

On average, micro firms make up 86% of the businesses operating within the wider industries that constitute the definition of the outbound travel sector used in this report. Otherwise, these industries are made up of 9% of small firms employing between 10 and 49 people. Small and medium firms employing between 50 and 249 people account for 3% of these industries, while larger firms employing over 250 employees accounted for 2% of businesses on average. However, Table 4 also reveals significant deviations from these averages in the individual industries from which the definition of the outbound tourism sector is drawn for the purposes of this study.

To set this in context, the share of micro firms is higher when looking at the economy as a whole, accounting for 96% of businesses. By contrast, the share of SME and large firms is lower relative to the outbound travel sector, accounting for 4% and 0.2% of enterprises respectively.

Table 4: Market structure of main broader industry groups from which the outbound travel industry is drawn, enterprise size by employment in the UK, 2014

SIC Division		Employment size bands			
		0-9 employees	10-49 employees	50-249 employees	250 or more employees
51 Air Transport	no. of firms	2,515	90	35	25
	% of firms	94.4	3.4	1.3	1.0
66 Services auxiliary to financial services & insurance	no. of firms	46,005	2,445	565	175
	% of firms	93.5	5.0	1.2	0.4
52 Warehousing and support services for transportation	no. of firms	15,500	1,680	465	140
	% of firms	87.1	9.5	2.6	0.8

SIC Division		Employment size bands			
		0-9 employees	10-49 employees	50-249 employees	250 or more employees
12 Tobacco products	no. of firms	255	5	0	0
	% of firms	98.1	1.9	0.0	0.0
11.01-6 Alcoholic beverages ¹¹	no. of firms	1,370	170	45	20
	% of firms	85.4	10.5	2.7	1.2
79 Travel Agency, Tour Operator And Other Reservation Service And Related Activities	no. of firms	14,695	745	165	40
	% of firms	93.9	4.8	1.0	0.2
14 Wearing apparel	no. of firms	14,660	575	65	5
	% of firms	95.8	3.8	0.4	0.0
32 Other manufactured goods	no. of firms	17,365	1,010	185	30
	% of firms	93.4	5.5	1.0	0.2
49.3-5 Land transport services and transport services via pipelines, excluding rail transport	no. of firms	29,895	7,365	1,230	205
	% of firms	77.3	19.0	3.2	0.5
20.4 Soap, detergents, perfumes and toilet preparations	no. of firms	280	155	45	15
	% of firms	56.6	31.3	9.1	3.0
<i>Outbound travel sector</i>	no. of firms	712,545	63,360	8,575	1,975
	% of firms	90.6	8.1	1.1	0.3
<i>Whole economy average</i>	no. of firms	1,044,385	194,755	31,475	6,745
	% of firms	81.8	15.2	2.5	0.5

Source: Department for Business Innovation and Skills, Cebr analysis

¹¹ The market structure of the manufacture of beverages (SIC: 110) industry is used as proxy for the market structure of the manufacture of alcoholic beverages (SIC 11.01-06). This is due to the unavailability of Business Population estimates for the manufacture of alcohol beverages industry group.

4 Wider multiplier impacts of the outbound travel sector

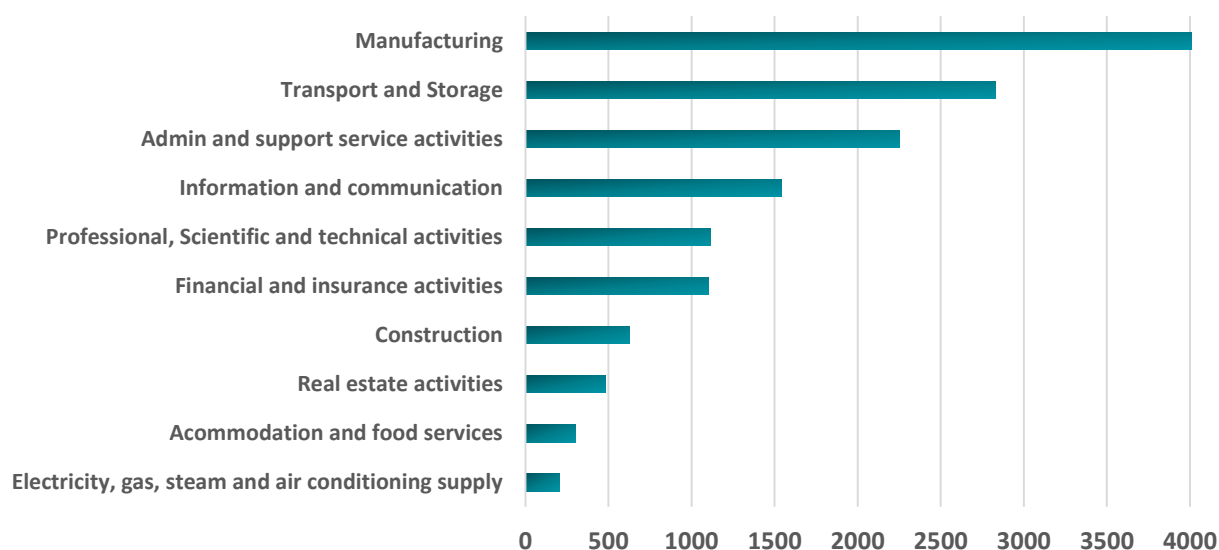
This section sets out Cebr's findings on the wider multiplier impacts of the outbound travel sector, through indirect (or supply chain) and induced (employee spending) impacts. It outlines the estimated multiplier contributions made by the sector to GVA, employment and household incomes. In this section, the report focuses on impacts at a national level, before moving on to look at the impacts in the individual UK nations and regions in Section 5.

4.1 Embedding outbound travel within Cebr's wider impacts modelling framework

The estimated multiplier impacts of the outbound travel sector are produced using Cebr's input-output models, which are themselves based on the ONS national accounts as reflected in the supply-use tables. To measure these aggregate impacts, the sector is assigned an explicit role within this supply-use framework. This is part of the UK's national accounts and provides the most comprehensive official account of the workings of the economy. They detail how industries interact with each other, with government, households and the external sector in generating the UK's output and national income.

To supply the goods and services demanded by outbound travellers, the sector draws on inputs from many other sectors of the economy. The sectors from which these inputs are sourced are summarised in Figure 7 below. The largest 'beneficiary' sector of the outbound travel sector's supply chain needs is the manufacturing sector, followed by transportation and storage and administrative and support services. The analysis also finds that the outbound travel sector draws on inputs from the information and communications sector, which includes spending by the outbound travel sector on IT infrastructure, online platforms, and so on.

Figure 7: Outbound travel industry's intermediate consumption (top 10) by broad industry grouping, £m, 2014



Source: ONS supply-use tables, Cebr analysis

The importance of the manufacturing sector in the supply chain of outbound travel can be viewed through the lens of the air transport industry in particular. This industry demands significant quantities of

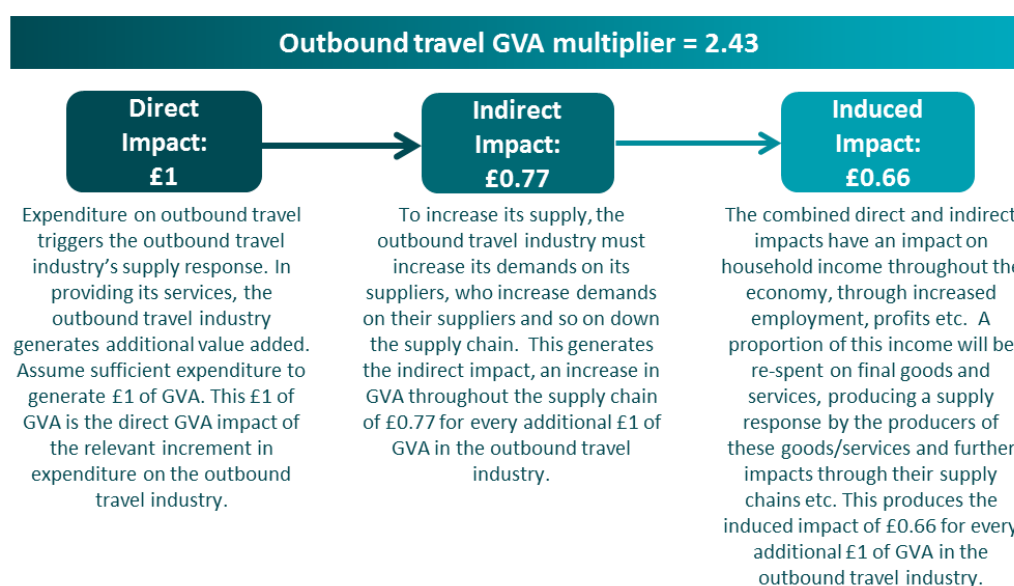
refined petroleum products, which make up 22% of its intermediate consumption and these products are, in turn, classified as manufactured products. The manufacturing industries that produce the range of physical ‘other consumption products’ are themselves important direct contributors to or elements of the outbound tourism sector. These industries rely on other manufacturing industries for parts and components, which is also reflected in the supply chain structure illustrated in Figure 7.

It is this supply chain structure that provides the starting point for assessing the wider ‘footprint’ of the outbound travel sector in the UK. These impacts which occur through both the supply chain response (indirect impacts) and through the income from employment generated and spent in the wider economy (induced impacts) are discussed for GVA, employment and compensation of employees, in the following sub-sections.

4.2 Wider multiplier impacts of the outbound travel sector on GVA

The economic contribution of the outbound travel sector is not confined to the direct GVA contribution discussed in Section 3.1. Cebr uses its input-output modelling to produce estimates of the indirect and induced multiplier impacts of the outbound travel sector in GVA terms. This is presented in Figure 8.

Figure 8: Outbound travel industry GVA multiplier

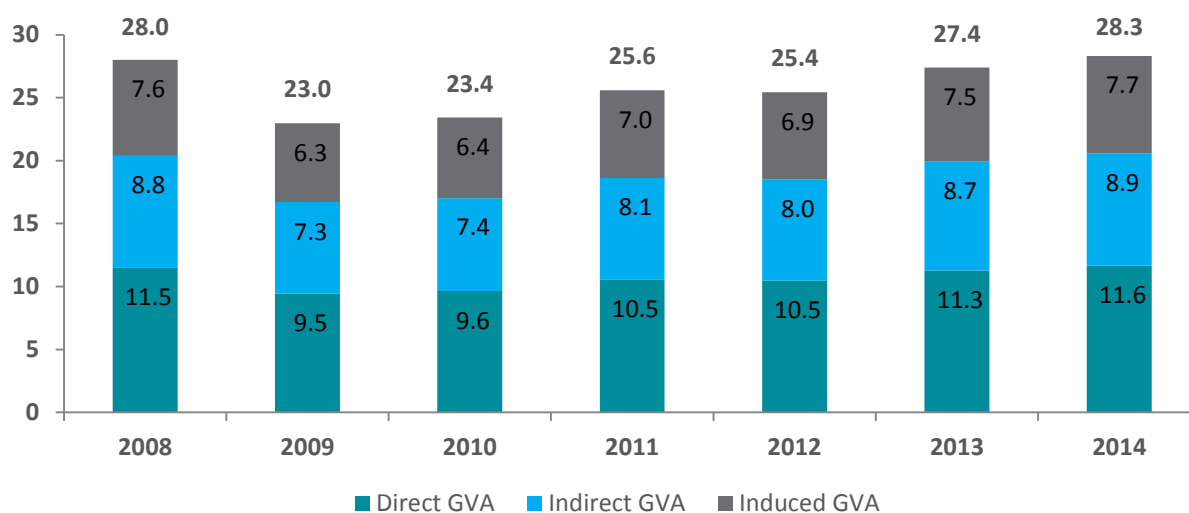


Source: Cebr analysis

In other words, Cebr estimates that for every £1 of GVA generated by the outbound travel sector, an additional £1.43 of GVA is generated in the wider economy through indirect and induced multiplier impacts. Based on the direct GVA impact of outbound travel in 2014 of £11.7 billion, Cebr estimates that its aggregate GVA contribution, including direct, indirect and induced impacts, amounted to £28.3 billion in the same year (see Figure 9). This is equivalent to a 1.8% share of GDP in 2014.

This is broadly the same as the estimate of the GVA multiplier presented in Cebr's work for ABTA in 2012, which estimated a GVA multiplier of 2.44. This reflects updated input-output data from ONS and advances in Cebr's input-output models that facilitate the modelling of 106 disaggregated industries, as opposed to only 20 sectors in the previous analysis. Both factors mean that the newly estimated multiplier above better reflects the structure of the economy today and are more accurate.

Figure 9: Breakdown of total GVA contribution: direct, indirect and induced GVA Impacts generated by the outbound travel sector, 2008-14, £m, current prices

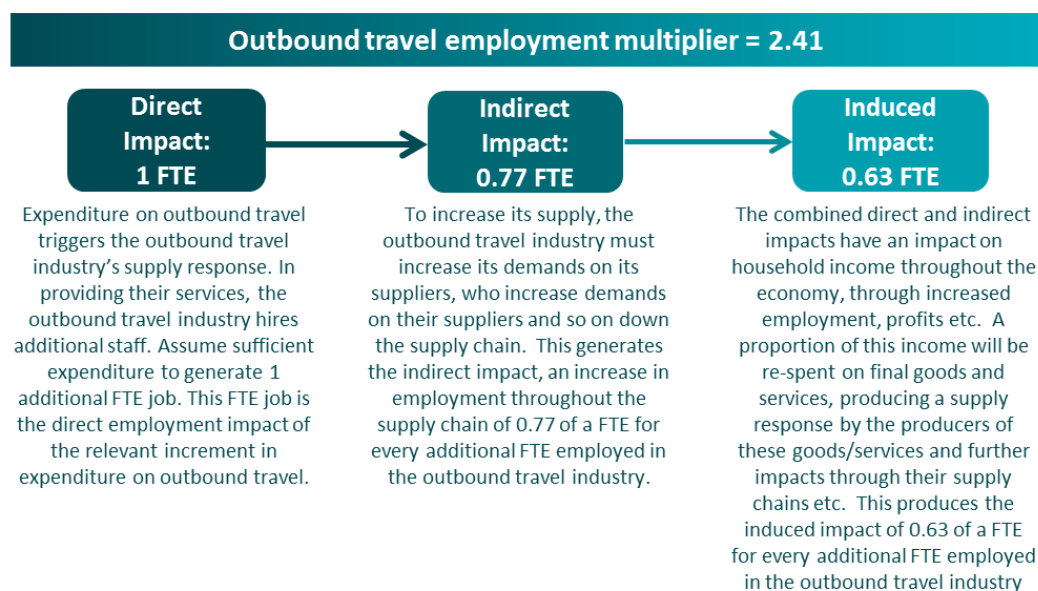


Source: Cebr analysis

4.3 Wider multiplier impacts of outbound travel on employment

Again, the employment impact of outbound travel is not confined to the direct contribution presented in Section 3.2.

Figure 10: Outbound travel industry employment multiplier



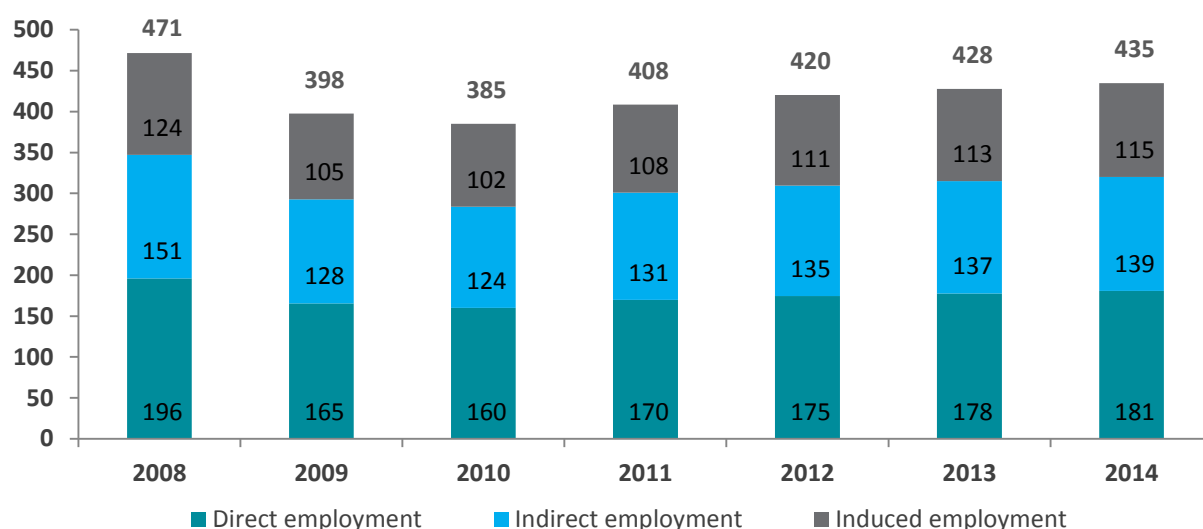
Source: Cebr analysis

As illustrated in Figure 10, Cebr's input-output models produce an employment multiplier of 2.41 for the outbound travel sector. This means that for every one FTE job in outbound travel, an additional 1.41 FTE jobs are supported in the wider economy through indirect and induced impacts. This employment multiplier produces an estimated aggregate FTE employment impact of 435,000 FTE jobs in 2014 (see Figure 11).

This is a higher estimate of the employment multiplier for the outbound travel sector than that calculated in the work undertaken by Cebr in 2012. This can be explained by noting, first, that the estimated GVA per FTE is significantly higher in this study than was implicit in our 2012 analysis. For instance, GVA per FTE employee is estimated at £60,000 in 2010 based on the findings in this report, as opposed to under £35,000 implicit in the 2012 report.

This means that higher levels of gross output are being produced for each directly employed FTE than had been accounted for in the previous analysis. In other words, those employed within the outbound travel sector are more productive than the 2012 work had allowed for. Because each FTE employed by the outbound travel sector produces more output, the sector places more demands on its supply chain for each FTE employed by outbound travel. This, in turn, equates to higher numbers of jobs in the supply chain that are supported by outbound travel. This also translates into higher induced impacts, which includes spending of wages and salaries by the direct and indirect (supply chain) employees of the outbound travel sector.

Figure 11: Breakdown of total FTE employment contribution: direct, indirect and induced FTE employment impacts generated by the outbound travel sector, 2008-14, (thousands)



Source: Cebr analysis

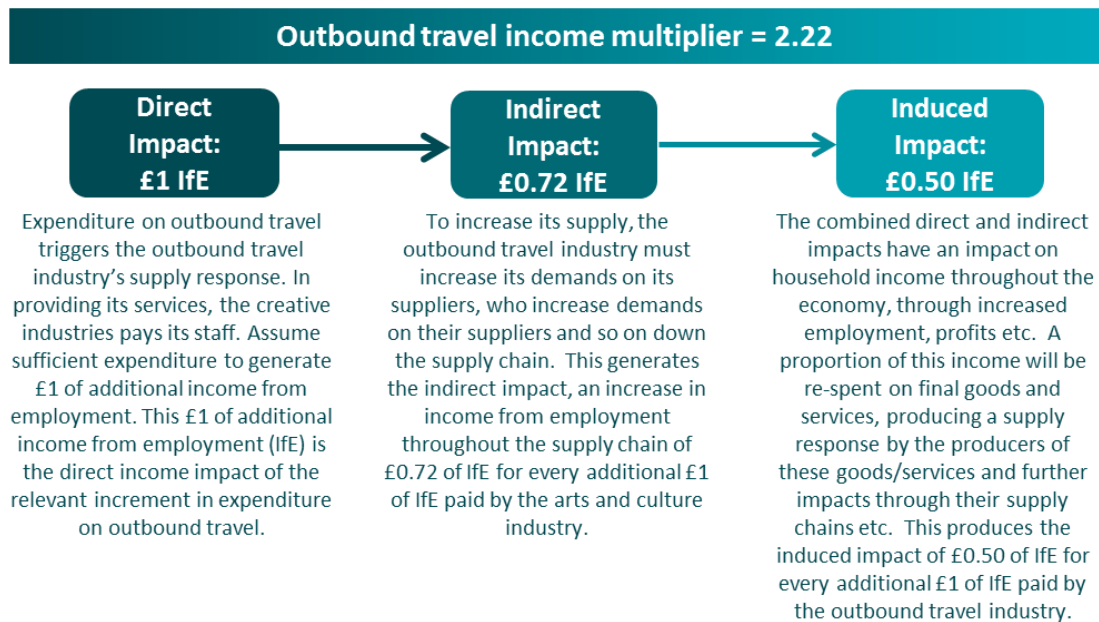
4.4 Wider multiplier impacts of outbound travel on household incomes

The income multiplier describes the employee incomes supported by the outbound travel sector's supply chain and by the outbound travel sector's employee spending impacts.

Cebr estimates that the outbound travel sector paid about £7.3 billion in gross employee compensation in 2014, making a substantial contribution to aggregate household incomes in the UK. Employee compensation thus accounts for a 62% share of the sector's direct GVA contribution.

The employee compensation multiplier, capturing indirect and induced impacts on that part of GVA dedicated to remunerating employees, suggests that, for every £1 of employee compensation paid by the outbound travel sector, another £1.22 is generated for the employees of the sector's supply chain and in the sectors that benefit from the outbound travel sector's induced (employee spending) impacts. Therefore, of the £28.3 billion GVA impact of the sector, 57% is paid to employees throughout the economy.

Figure 12: Outbound travel industry income multiplier



Source: Cebr analysis

5 Contribution of outbound travel to the nations and regions of the UK

This section of the report presents the results of Cebr’s regional analysis of outbound travel’s economic contribution and impacts. It sets out how the economic benefits, including multiplier impacts, discussed in the previous sections are distributed across the regions and nations of the UK.

5.1 Overview of methodology

The starting point in determining the economic contributions made by the outbound travel sector to the UK’s individual nations and regions was to allocate the relevant shares of the sector’s direct UK-wide impact to them. This was done according to the newly available regional split of outbound tourist spending from the ONS.

Cebr then estimated ‘in-region’ multipliers for each of the nations and regions using its regional input-output models. The key issue with estimating regional multiplier impacts is understanding the extent to which regional industries source their inputs from within their nation or region, or from elsewhere in the UK. These propensities to import are estimated through ‘location quotients’, which denote the ability of a particular sector in a particular region to supply the goods and services demanded by the regional economy, taking into account the relative sizes of the sectors providing and purchasing inputs.

As such, the nation- and region-specific multipliers produced from this analysis measure the extent to which the impact of the outbound travel sector remains within the nation or region where the direct impact is generated. The extent to which national and regional (Type I) multipliers are lower than the UK multiplier for the sector reflects the regional import propensities suggested by the cross-industry location quotients used in the analysis. Furthermore, the difference in such cases can be viewed as spill over impacts to other regions of the UK. It is not possible, however, to identify which regions of the UK benefit from supply chain spillover impacts as there are no data in existence to support such an analysis.

Also relevant is where people live as opposed to where they work. The most prominent example are workers that work in London but live in the East or South East of England regions, to and from which they commute. Because workers tend to spend much of their income where they live, the induced employee spending impacts can also leak across regional borders. Sometimes, this can result in regional multiplier estimates that are higher than the UK-level estimates. These induced spillover impacts are considered in Cebr’s modelling and analysis.

5.2 Summary of the national and regional impacts of outbound travel

Table 5 presents the direct GVA contributions made by the outbound travel sector in each region alongside the equivalent share of the regional economy on this basis, the corresponding Type II GVA multiplier and the aggregate GVA contribution given these multiplier impacts. While the most significant impact is in London, it is also clear that the outbound travel sector makes an important contribution across the length and breadth of the UK.

Nonetheless, in London, the outbound travel sector generates a direct GVA impact of £3.7 billion with a £7.7 billion aggregate GVA contribution including multiplier impacts. Outbound travel makes the smallest GVA contributions in Northern Ireland, with a £109 million direct contribution and a £260 million aggregate contribution.

London, however, is also the most significant beneficiary of the outbound travel sector in relative terms, accounting for a 1.1% share of the aggregate GVA generated in the region. The relative contribution of the sector is also important in the South East and North West of England, accounting for 1.0% of aggregate gross regional domestic product in each.

These findings are presented in Table 5 below. In all of these regions, outbound travel contributes more to their regional economies in relative terms than the entire sector contributes to the UK as a whole, at 0.8%. The opposite is the case in Yorkshire and The Humber, the East Midlands, the South West of England and Northern Ireland, where outbound travel contributes only 0.3% of the aggregate GVA generated by these economies.

Table 5: Regional direct and multiplier GVA impacts of outbound travel, 2014

UK Nation/Region	Direct GVA contribution (£m)	% share of region economy (GVA)	Type II GVA multiplier (£ GVA)	Aggregate GVA contribution (£m)
North East	300	0.6%	2.20	661
North West	1,461	1.0%	2.05	3,000
Yorkshire & The Humber	292	0.3%	2.29	670
East Midlands	243	0.3%	2.27	551
West Midlands	567	0.5%	2.29	1,297
East of England	872	0.7%	2.43	2,122
London	3,723	1.1%	2.07	7,722
South East	2,419	1.0%	2.36	5,720
South West	399	0.3%	2.31	922
England	10,276	0.8%	2.32	23,884
Wales	208	0.4%	2.19	455
Scotland	640	0.5%	2.29	1,466
Northern Ireland	109	0.3%	2.38	260
UK	11,650	0.8%	2.43	28,300

Source: Cebr analysis

Table 6 is the equivalent table for employment contributions and impacts. This illustrates that the largest regional employment contribution is in London, with aggregate employment by the sector accounting for approximately 89,200 FTEs. The smallest absolute employment impacts are in Northern Ireland and the East Midlands.

London is estimated to have one of the lowest employment multiplier impacts but this is unlikely to be the case in practice. Cebr's models consistently underestimate the magnitude of the multiplier impacts in London. This is due to the size of the London economy and the fact that it is heavily weighted towards certain sectors like financial services. This tends to make the location quotients for every other sector

smaller than they should be, which work their way through the model to produce lower than expected multipliers.

In reality, Cebr expects all of the indirect multiplier impacts to remain in London, with only induced impacts leaking or spilling over to the South East and East of England regions. The latter is what drives the relatively high multiplier impacts estimated for these regions.

The relative contributions of the sector to regional employment presents a somewhat similar picture to GVA. In each of the North West and South East of England regions, outbound tourism directly contributes 1.1% of total FTE employment, whilst in London it contributes 1.0%. The relative contribution is least significant in Yorkshire and The Humber (0.3%), the East Midlands (0.3%) and Northern Ireland (0.2%). These compare and contrast with the sector's contribution to aggregate UK employment of 0.8%.

Table 6: Regional direct and multiplier employment impacts of outbound travel, 2014

UK Nation/Region	Direct employment contribution (FTEs)	% Contribution to region's economy (FTE jobs)	Type II employment multiplier	Aggregate employment contribution (FTEs)
North East	6,418	0.7%	2.23	14,307
North West	30,383	1.1%	2.07	62,969
Yorkshire & The Humber	6,420	0.3%	2.31	14,824
East Midlands	5,235	0.3%	2.30	12,039
West Midlands	12,581	0.6%	2.31	29,084
East of England	16,547	0.8%	2.47	40,882
London	42,766	1.0%	2.09	89,237
South East	37,598	1.1%	2.36	88,871
South West	8,152	0.4%	2.33	19,013
England	166,099	0.8%	2.34	388,131
Wales	4,787	0.5%	2.21	10,598
Scotland	11,506	0.5%	2.30	26,478
Northern Ireland	2,012	0.2%	2.40	4,822
UK	180,800	0.8%	2.41	434,900

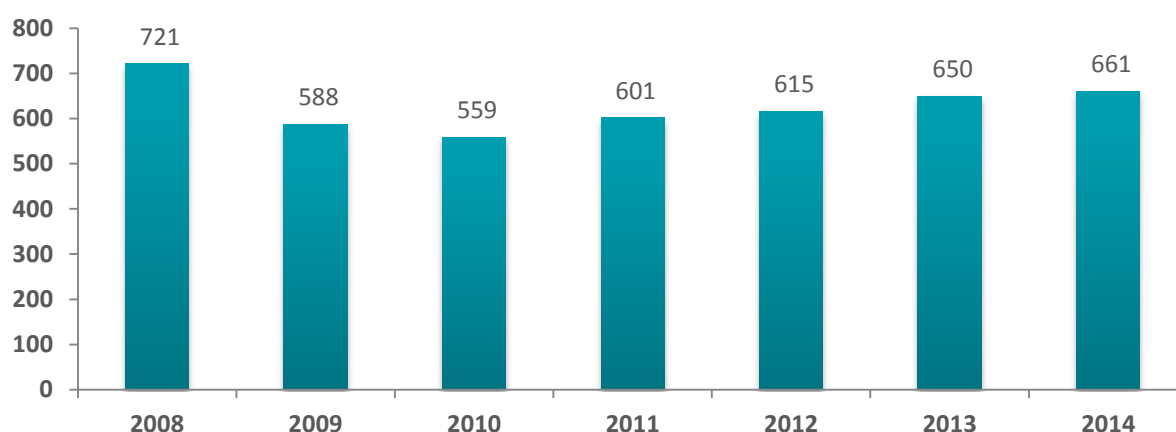
Source: Cebr analysis

The following subsections provide further detail on the performance of the outbound travel sector in each of the individual nations and regions of the UK. All of the illustrations show the trends over time in aggregate GVA and employment contributions, that is, including direct and multiplier impacts.

5.3 North East of England

As illustrated in Figure 13, the GVA contribution of the outbound travel sector fell dramatically in 2009 as a result of the recession, by 18%. In 2011, GVA growth picked up, rising 8% on the previous year. By 2014, growth in the GVA contribution in the North East of England had slowed to 2% year-on-year, and stood at £661 million. The GVA contribution of the sector in 2014 was still 8% lower than in 2008.

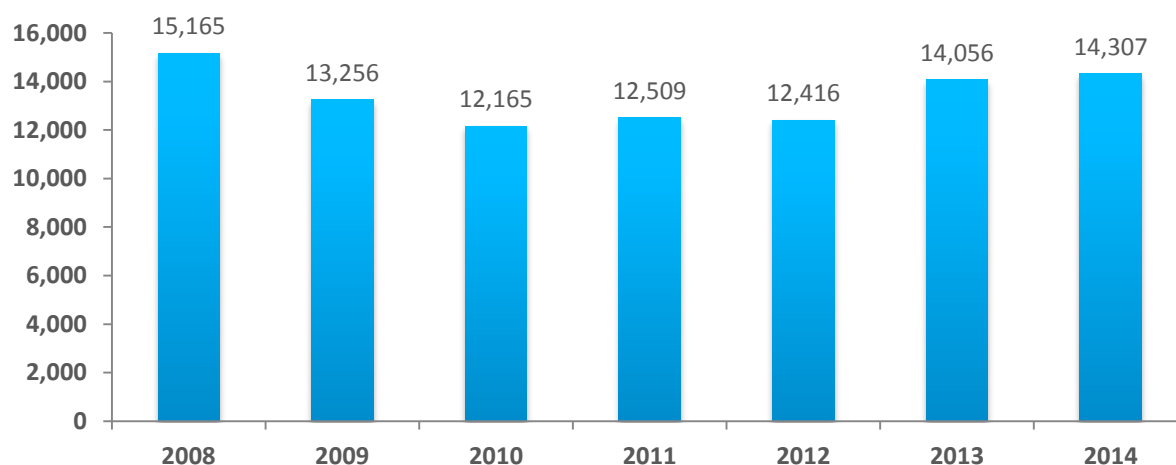
Figure 13: Outbound travel aggregate GVA contribution in the North East of England, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 14, aggregate employment of FTEs in the outbound travel sector declined substantially in 2009, by 13%. By 2011, FTE employment had recovered slightly, with the number working rising by 3% compared to the previous year. By 2014, growth in the number of FTEs in employment had slowed slightly, to increase by 2% year-on-year, with approximately 14,300 working in the outbound travel sector in this region. However the number of FTEs in employment in 2014 was still 8% lower than the number employed in 2008.

Figure 14: Aggregate FTE employment in and supported by the outbound travel sector, North East of England

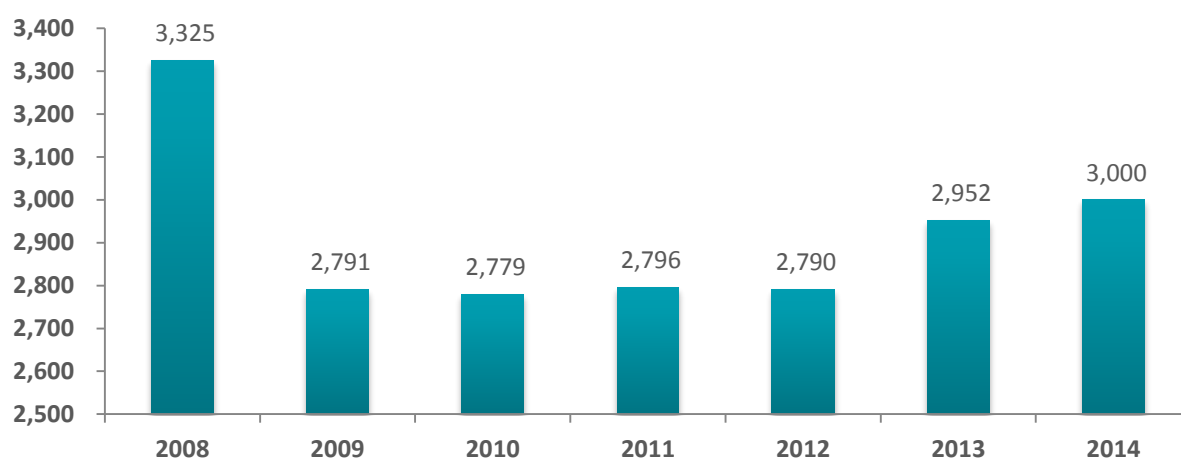


Source: Cebr analysis

5.4 North West of England

The GVA contribution of the outbound travel sector in the North West fell significantly in 2009, by 16%. In 2011, GVA growth remained sluggish, rising by 1% on the previous year. By 2014, growth had picked up slightly to 2% year-on-year, amounting to £3.0 billion. These glacial levels of growth mean the GVA contribution in 2014 was still 10% lower than in 2008.

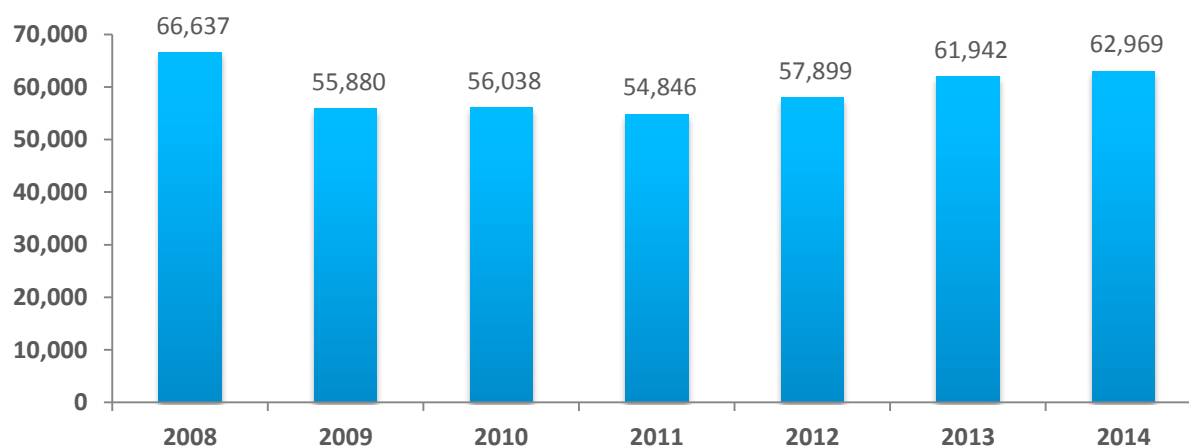
Figure 15: Outbound travel aggregate GVA impact in the North West of England, £m, 2014 prices



Source: Cebr analysis

Figure 16 shows aggregate FTE jobs provided and supported by the outbound travel sector in the North West of England declining significantly in 2009, by 16% to 55,800 FTEs. By 2011, FTE employment growth was still in decline, with the number working falling by 2% compared to the previous year. By 2014, growth in the number of FTEs in employment had recovered, with 63,000 working in the outbound travel sector in this region. However the number of FTE jobs in 2014 was still 10% lower than the number employed in 2008.

Figure 16: Aggregate FTE employment in and supported by the outbound travel sector, North West of England

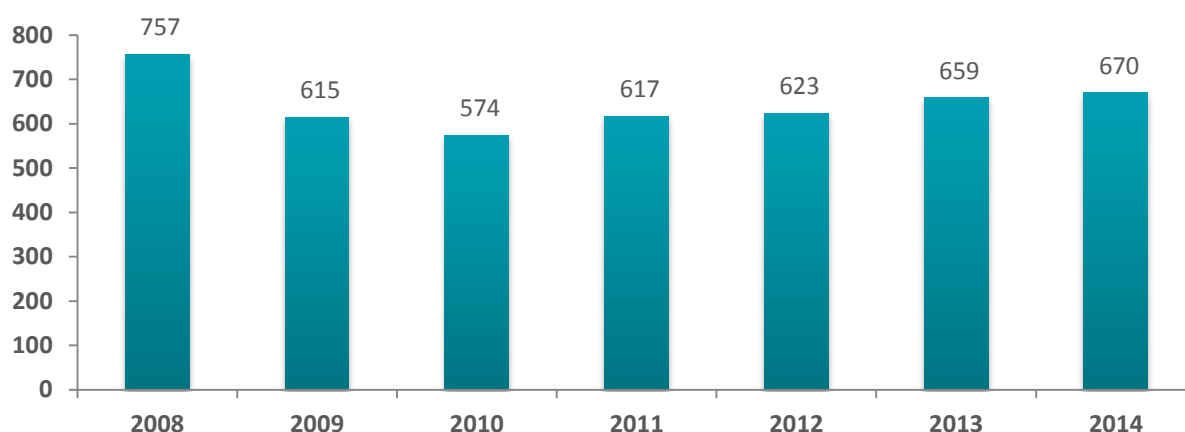


Source: Cebr analysis

5.5 Yorkshire and the Humber

As illustrated in Figure 17, the GVA contribution of the outbound travel sector in Yorkshire and The Humber fell considerably in 2009, by 19%. By 2011, GVA growth had improved, rising by 7% since the previous year. By 2014, growth of the GVA contribution of the outbound travel industry in Yorkshire and The Humber region had slowed to 2% year-on-year, amounting to £670 million. As a result of sluggish growth in the region, the GVA contribution in 2014 was still 12% lower than that in 2008.

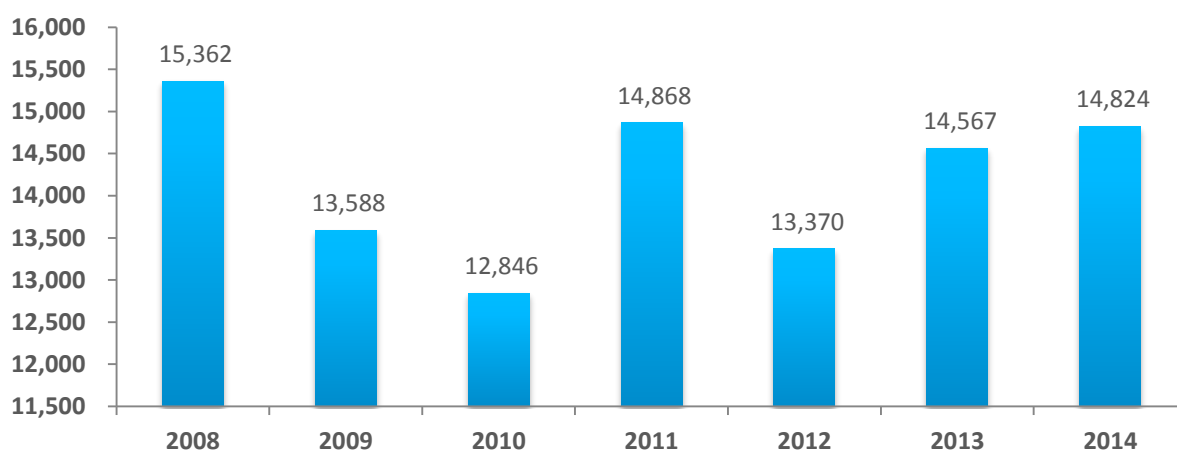
Figure 17: Outbound travel aggregate GVA contribution in Yorkshire and The Humber, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 18, aggregate employment of FTEs in the outbound travel sector in the Yorkshire and Humber region fell substantially in 2009, by 12%. Although employment continued to decline in 2010, by 2011 FTE employment growth had recovered robustly, with the number working increasing by 16% compared to the previous year. By 2014, there were 14,800 FTEs employed in or supported by the outbound travel sector in this region. Despite this, the number of FTEs in employment in 2014 was still 12% lower than the number employed in 2008.

Figure 18: Aggregate FTE employment in the outbound travel sector, Yorkshire and the Humber

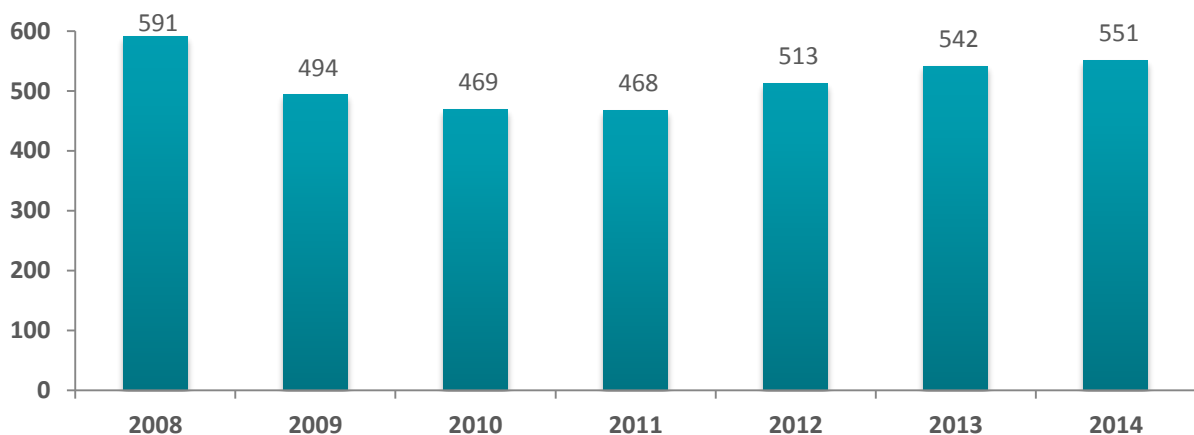


Source: Cebr analysis

5.6 East Midlands

As illustrated in Figure 19, the GVA contribution of the outbound travel sector in the East Midlands fell dramatically in 2009, by 16%. By 2011, GVA growth remained sluggish, with no improvement seen compared to the previous year. By 2014, the GVA contribution of the outbound travel sector in the East Midlands had increased slightly, amounting to £551 million. The GVA contribution in the East Midlands was still 7% lower than that in 2008.

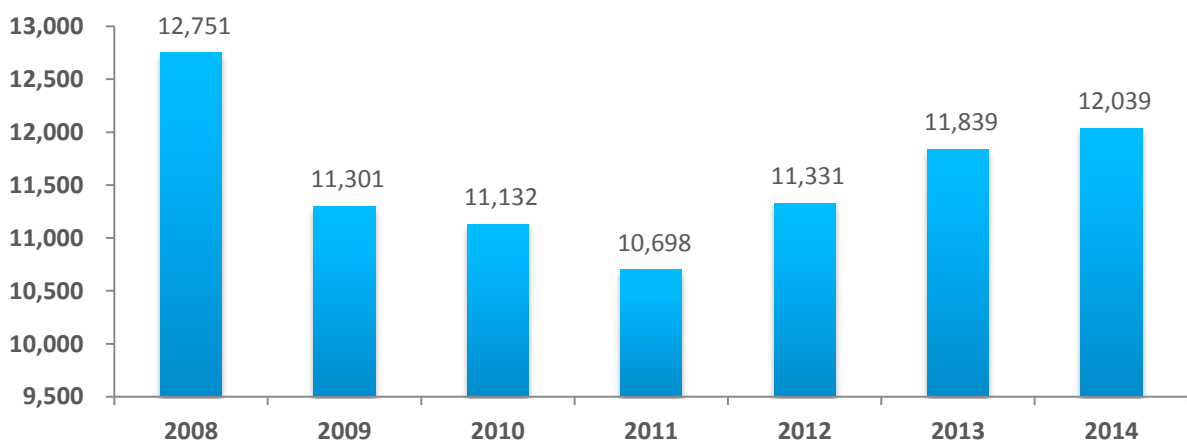
Figure 19: Outbound travel aggregate GVA contribution in the East Midlands, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 20, aggregate employment of FTEs in the outbound travel sector in the East Midlands declined by 11% in 2009. By 2011, FTE employment was still in decline with the number working falling by 4% in comparison to the previous year. By 2014, there were over 12,000 FTEs working in the outbound travel sector in this region. But the number of FTEs in employment in 2014 was still 7% lower than the number employed in 2008.

Figure 20: Aggregate FTE employment in the outbound travel sector, East Midlands

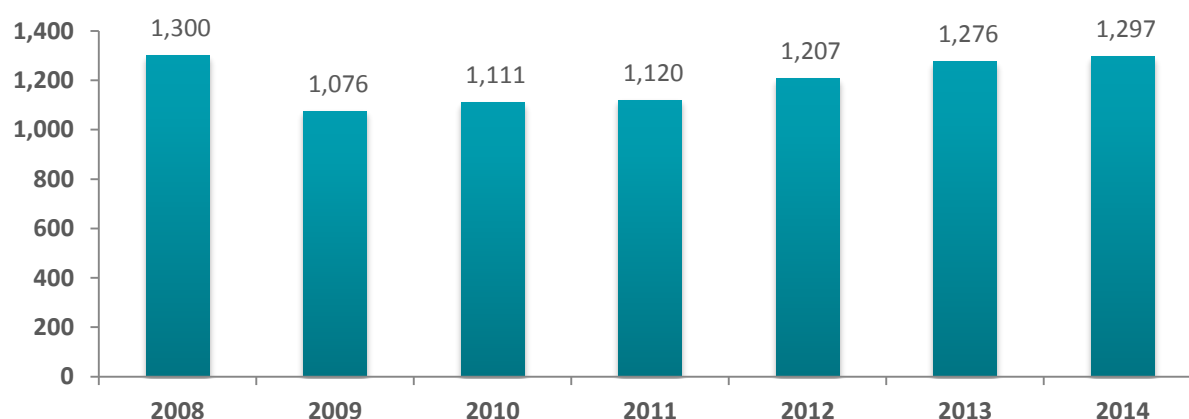


Source: Cebr analysis

5.7 West Midlands

As illustrated in Figure 21, the GVA contribution of the outbound travel industry in the West Midlands fell significantly in 2009, by 17%. However the West Midlands saw the strongest increase in the GVA contribution of the outbound travel sector in 2010 relative to other regions of the UK, growing by 3% since the previous year. By 2014, the GVA contribution had slowed slightly, with aggregate GVA amounting to almost £1.3 billion. As a result of relatively strong growth over the period, the value of the GVA contribution in 2014 was very close to the levels seen in 2008.

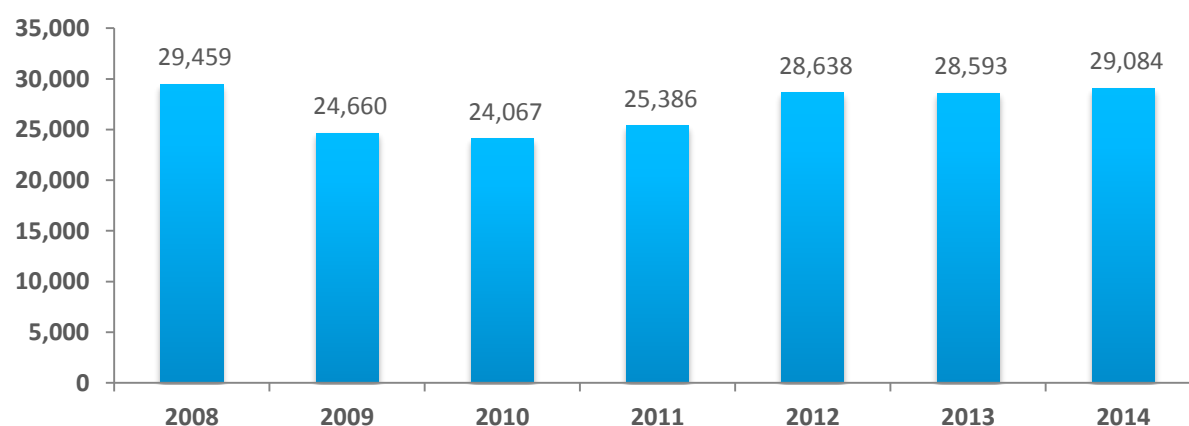
Figure 21: Outbound travel aggregate GVA contribution in the West Midlands, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 22, aggregate employment of FTEs in the outbound travel sector in the West Midlands declined by 16% in 2009. By 2011, FTE employment had recovered with the number working increasing by 5% in comparison to the previous year. By 2014, there were 29,000 working in the outbound travel sector in this region. The relatively strong employment growth in the region means that the number of FTEs working in the outbound travel sector in 2014 has caught back up with 2008 levels.

Figure 22: Aggregate FTE employment in the outbound travel industry, West Midlands

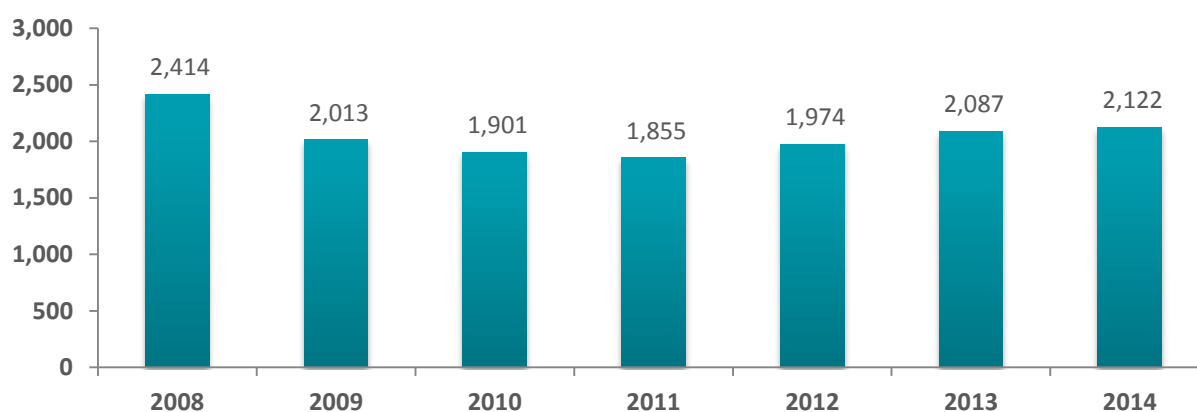


Source: Cebr analysis

5.8 East of England

As illustrated in Figure 23, the GVA contribution of the outbound travel sector in the East of England declined considerably in 2009, by 17%. By 2011, GVA was still falling, decreasing by 2% from the previous year. After recovering in 2012, with GVA increasing by 6%, GVA reached £2.1 billion by 2014. As a result of sluggish growth in the region, the GVA contribution in 2014 was still 12% lower than that in 2008.

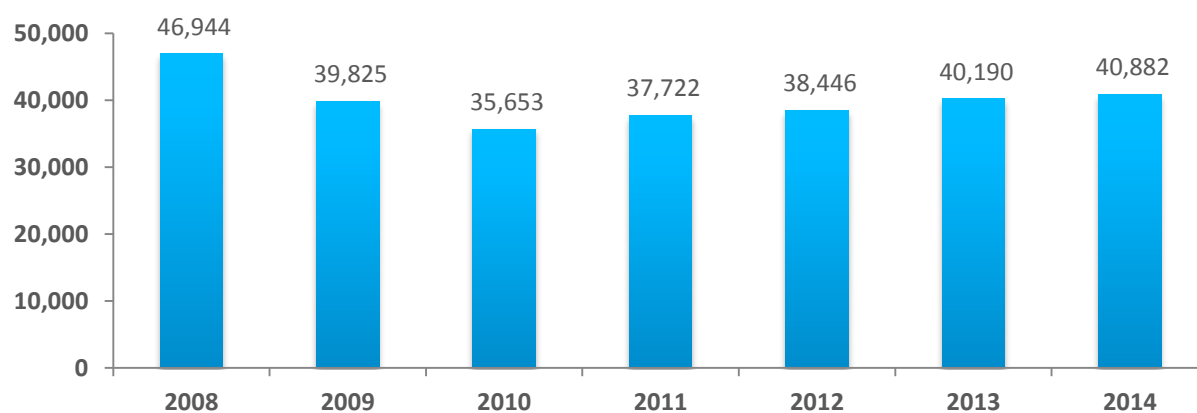
Figure 23: Outbound travel aggregate GVA contribution in the East of England, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 24, aggregate employment of FTEs fell substantially in 2009, by 15%. Employment continued to decline in 2010 but, by 2011, FTE employment had strengthened, with the number working increasing by 6% in comparison to the previous year. From 2012, the number of FTEs employed in the outbound travel industry in this region increased each year, with 40,900 working in the outbound travel industry in this region by 2014. Despite relatively strong employment growth, however, the number of FTEs working in the outbound travel sector in the East of England in 2014 was still well short of 2008 levels.

Figure 24: Aggregate FTE employment in the outbound travel sector, East of England

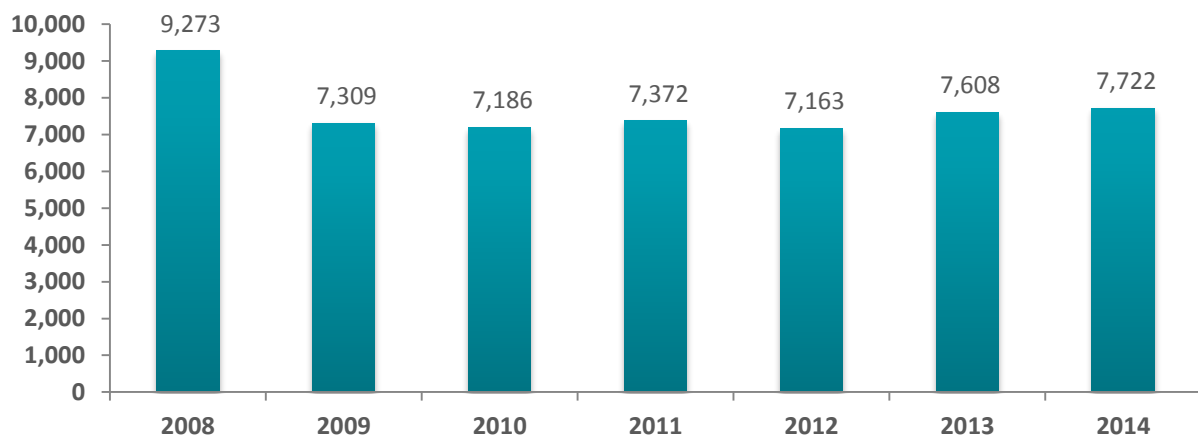


Source: Cebr analysis

5.9 London

Figure 23 illustrates that the GVA contribution of the outbound travel sector in London fell substantially in 2009, by 21%. This was the largest decrease in the outbound travel sector's GVA witnessed by any region in the UK during 2009. By 2011, GVA had picked up, rising by 3% from the previous year. By 2014, growth in the GVA contribution of the outbound travel sector in London had increased by 1.0% to reach £6.6 billion. However the GVA contribution in 2014 was still 17% lower than that in 2008.

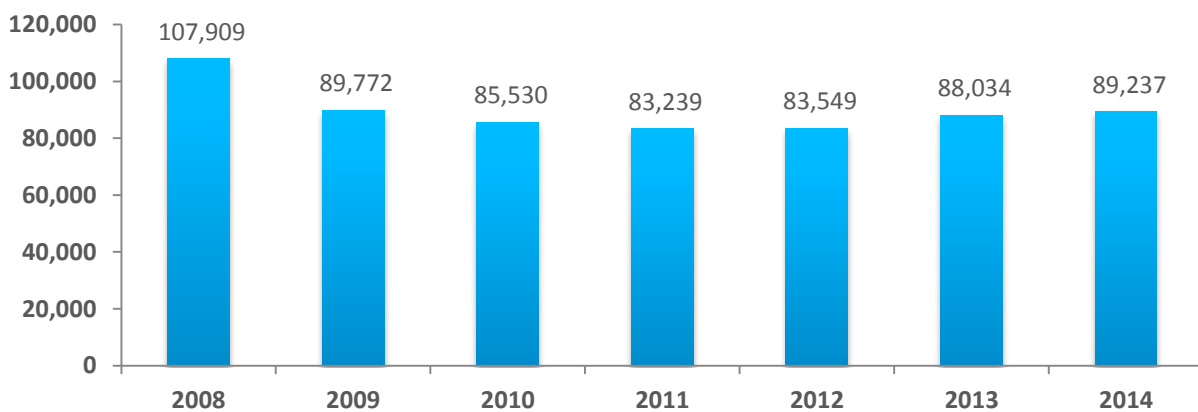
Figure 25: Outbound travel aggregate GVA contribution in London, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 26, aggregate employment of FTEs in the outbound travel sector in London fell considerably in 2009, by 17%. Employment continued to decline in both 2010 and 2011, with the number working decreasing by 5% and 3% respectively in comparison to the previous year. By 2014, total FTE employment in the outbound travel sector in London amounted to 89,200 people. The relatively weak employment growth in London means that the number of FTEs working in the outbound travel sector in 2014 was still 17% lower than levels in 2008.

Figure 26: Aggregate FTE employment in the outbound travel sector, London

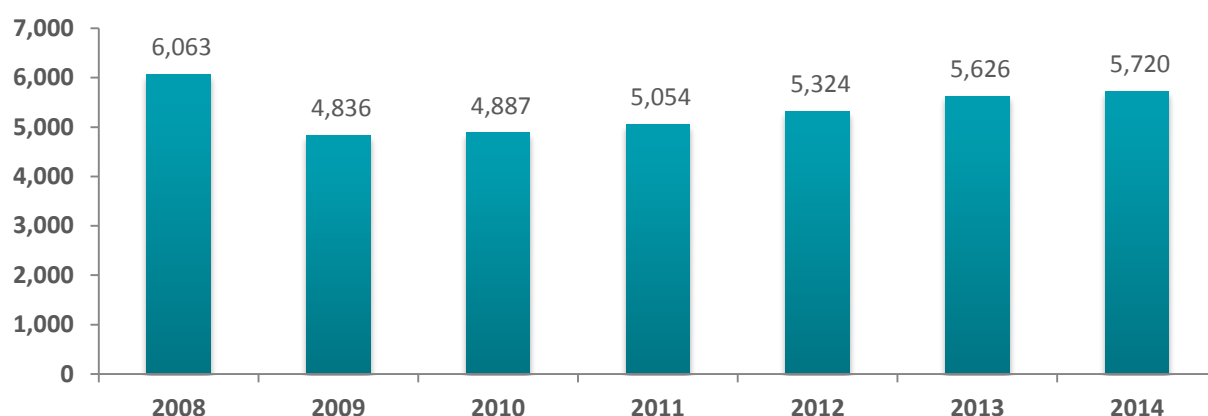


Source: Cebr analysis

5.10 South East of England

The GVA contributions of the outbound travel sector in the South East of England follow similar trends to London. As illustrated in Figure 27, the GVA contribution fell significantly in 2009, by 20%. But GVA grew in each of the subsequent years, with the total GVA contribution made by the outbound travel sector in the South East amounting to £5.7 billion in 2014.

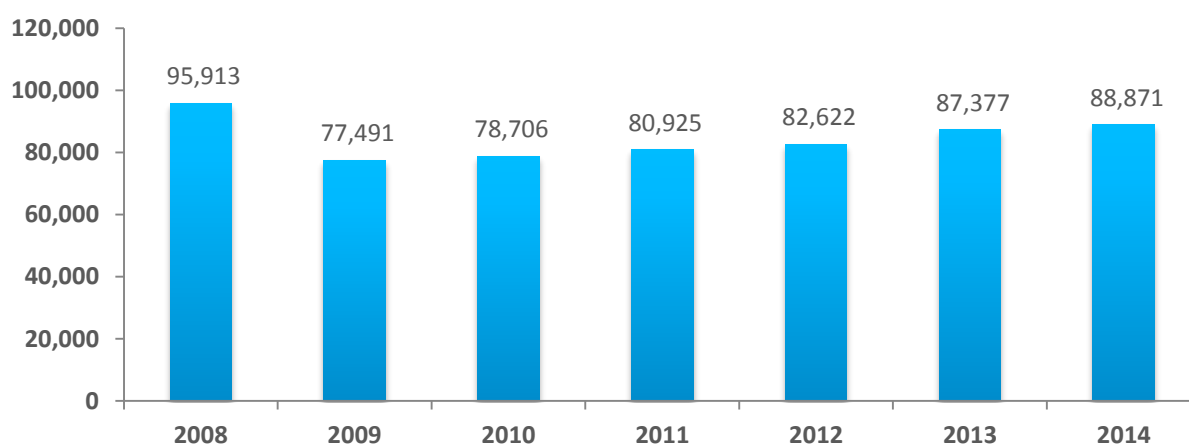
Figure 27: Outbound travel aggregate GVA contribution in South East of England, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 28, aggregate employment of FTEs in the outbound travel sector in the South East of England declined substantially in 2009, by 19%. Employment had recovered in 2010 to grow by 2% in comparison to the previous year. Growth of 3% was also seen in 2011. The number of FTE jobs in or supported by the sector picked up considerably in 2013 and by 2014 approximately 88,800 FTEs were working in the outbound travel sector in the South East of England. Despite this, the number of FTEs working in the sector in 2014 was still 6% lower than levels in 2008.

Figure 28: Aggregate FTE employment in the outbound travel sector, South East of England

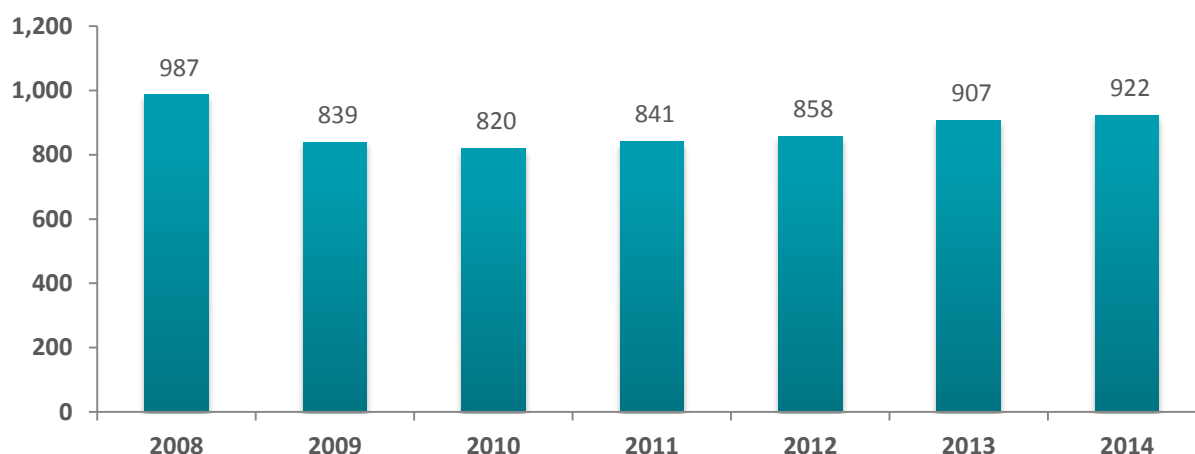


Source: Cebr analysis

5.11 South West of England

The fall in aggregate GVA contribution of the outbound travel sector in the South West of England in 2009 was smaller than that experienced in the other regions of England, by 15%. As illustrated in Figure 29, by 2011, GVA had picked up, rising by 3% from the previous year. By 2014, the GVA contribution of the outbound travel sector in the South West reached £922 million. As a result of the slow growth in the region, the GVA contribution in 2014 was still 7% lower than that of 2008.

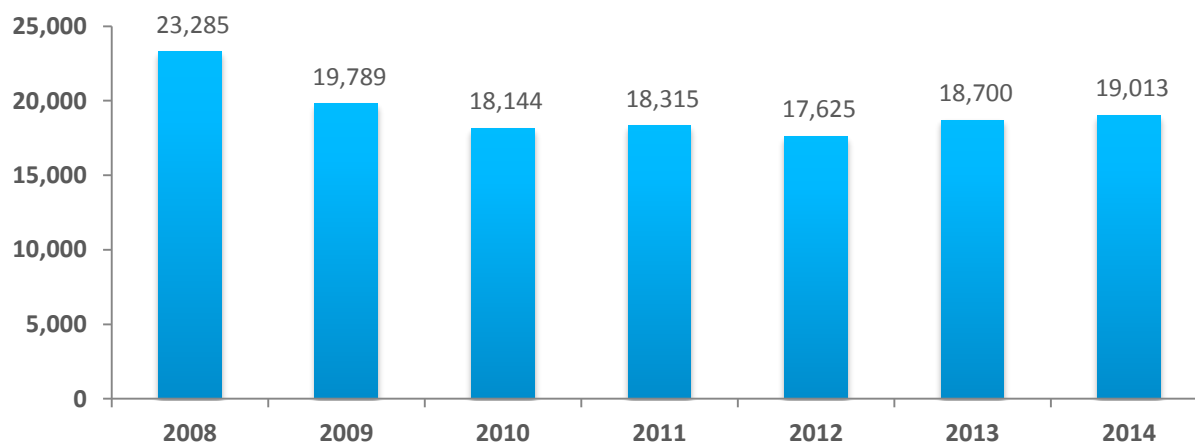
Figure 29: Outbound travel aggregate GVA in South West of England, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 30, aggregate employment of FTEs in the outbound travel sector in the South West of England fell considerably in 2009, by 15%. Employment continued to decrease in 2010 and by 2011 the number of FTEs had remained sluggish, growing by only 1% on the previous year. Growth in the number of FTEs in employment picked up in 2013 and, by 2014, approximately 19,000 FTEs were working in the outbound travel sector in the region. However, the number of FTEs was still 7% lower than levels in 2008.

Figure 30: Aggregate FTE employment in the outbound travel sector, South West England

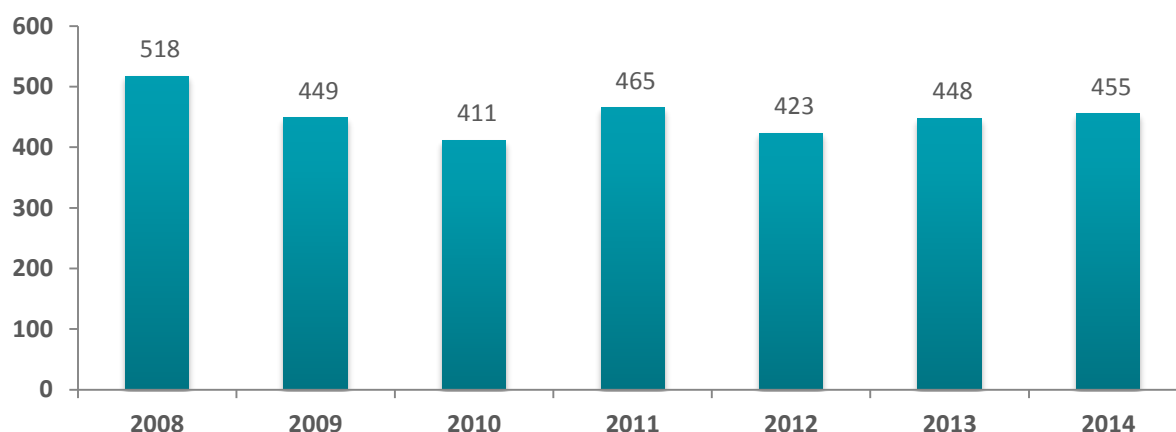


Source: Cebr analysis

5.12 Wales

The GVA contribution of the outbound travel sector in Wales fell by 13% in 2009. As illustrated in Figure 31, by 2011, GVA had picked up significantly, rising by 13% from the previous year. By 2014, the GVA contribution of the outbound travel industry in Wales grew by 2% year-on-year to reach £455 million. As a result of the slow growth in the region, the GVA contribution in 2014 was still 12% lower than that of 2008.

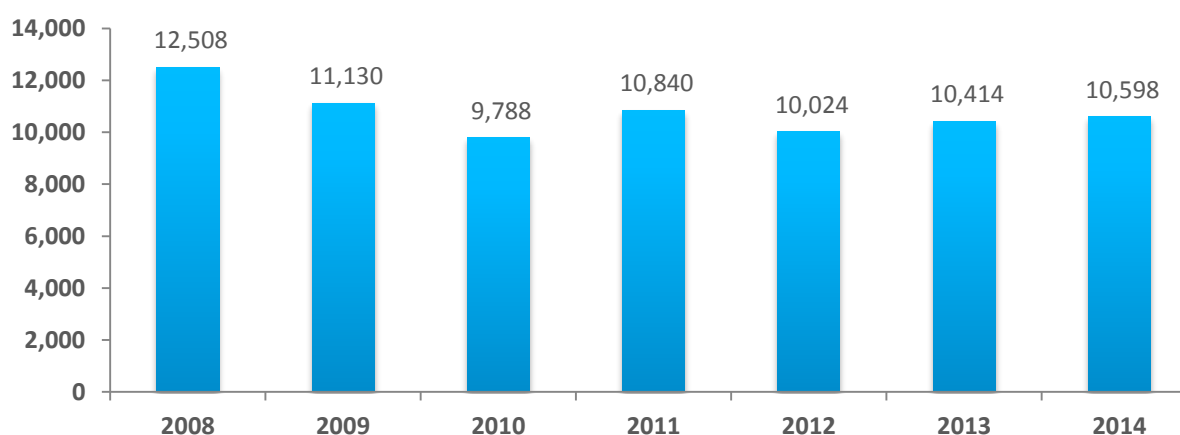
Figure 31: Outbound travel aggregate GVA contribution in Wales, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 32, aggregate employment of FTEs in the outbound travel sector in Wales fell by 11% in 2009. Employment declined further in 2010 but rebounded strongly in 2011 to grow by 11% year-on-year. After falling by 8% in 2012 from the previous year, growth in the number of FTEs in employment was relatively weak in 2014, at 2%. This was equivalent to 11,000 people and still 12% lower than the number of FTEs employed in the Welsh outbound travel sector in 2008.

Figure 32: Aggregate FTE employment in the outbound travel industry, Wales

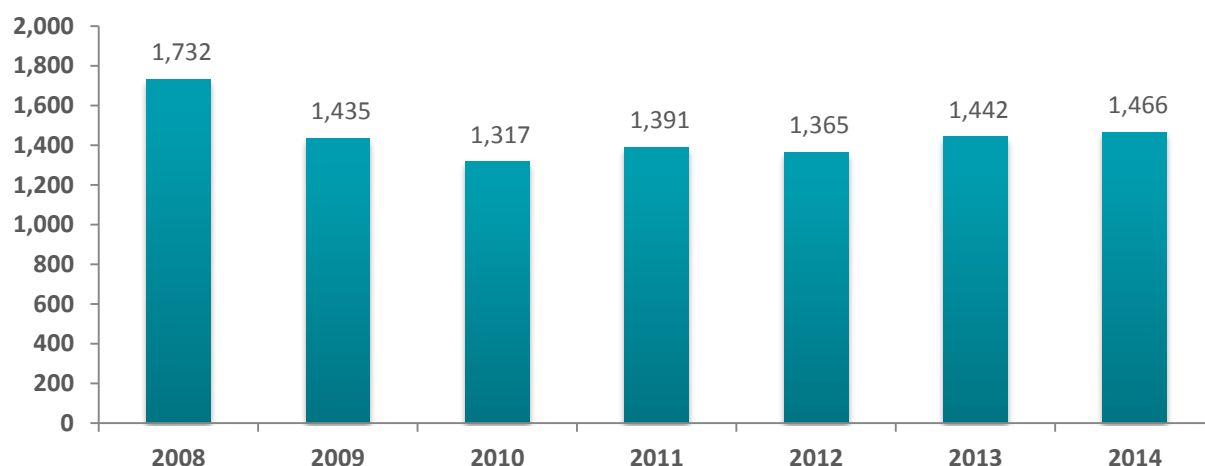


Source: Cebr analysis

5.13 Scotland

The GVA contribution of the outbound travel industry in Scotland fell by 17% in 2009. However, as illustrated in Figure 33, by 2011, GVA had picked up to rise by 6% from the previous year. By 2014, the GVA contribution of the outbound travel sector in Scotland had slowed to grow by 2% year-on-year to reach almost £1.5 billion by 2014. But this is still 15% lower than the contribution of the sector in this nation in 2008.

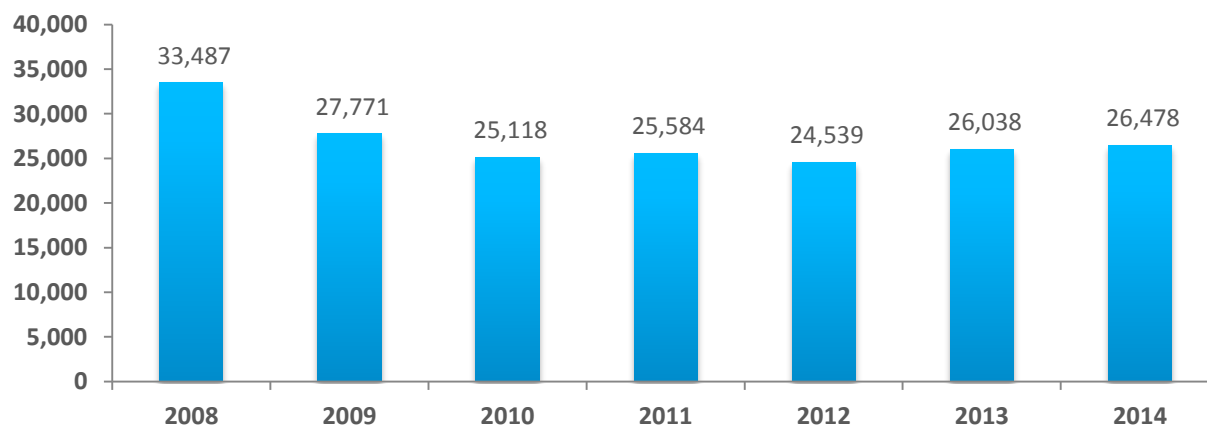
Figure 33: Outbound travel aggregate GVA contribution in Scotland, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 34, aggregate employment of FTEs in the outbound travel sector in Scotland declined substantially in 2009, by 17%. Employment continued to fall in 2010 and, by 2011, growth was still sluggish, increasing by only 2% compared to the previous year. The number of FTEs in employment fell in 2012 but recovered again by the following year to grow by 6%. By 2014 the number of FTEs in employment in Scotland was equivalent to 26,000 but this was still 15% lower than the number employed in 2008.

Figure 34: Aggregate FTE employment in the outbound travel industry, Scotland

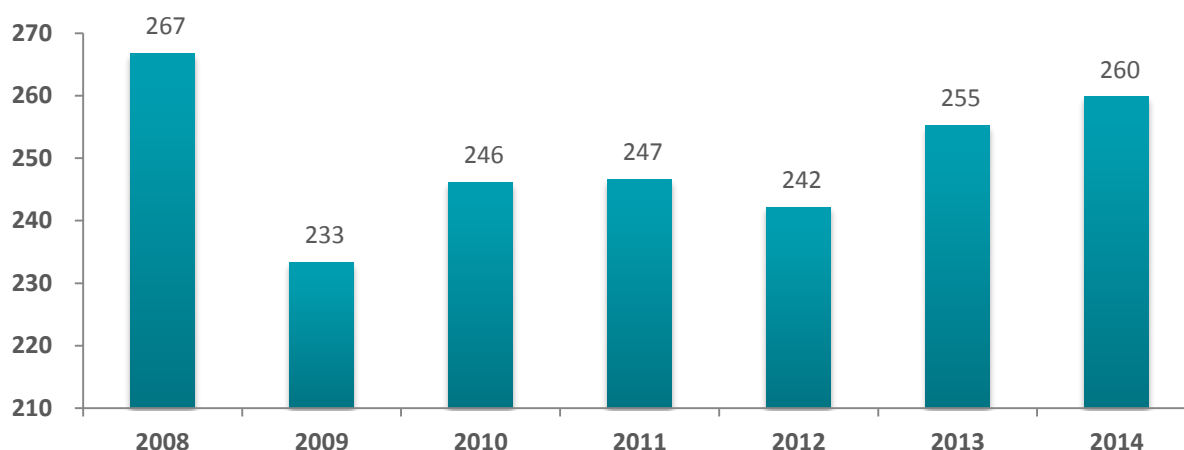


Source: Cebr analysis

5.14 Northern Ireland

As illustrated in Figure 35, the GVA contribution of the outbound travel sector in Northern Ireland fell by 13% in 2009, increased by 5% in 2010 but remained flat in 2011. By 2014, the GVA contribution of the outbound travel sector had grown by 2% year-on-year to total £260 million and as a result of relatively strong growth in the region GVA in 2014 was only 3% lower than that in 2008.

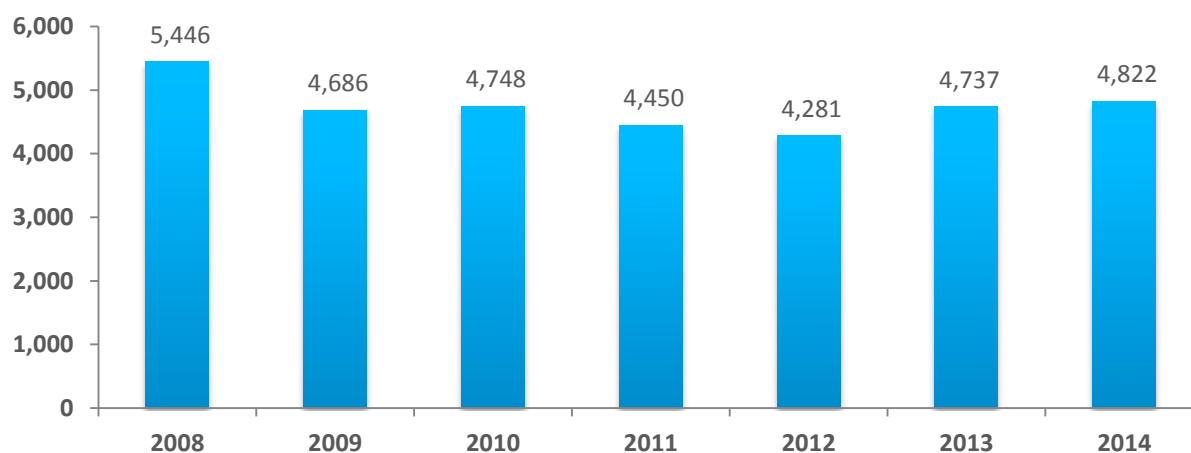
Figure 35: Outbound travel aggregate GVA contribution in Northern Ireland, £m, 2014 prices



Source: Cebr analysis

As depicted by Figure 36, aggregate employment of FTEs in the outbound travel sector in Northern Ireland fell considerably in 2009, by 14%. Employment continued to fall in 2011 and 2012 but rebounded strongly in 2013 to grow by 11% from the previous year. As a result, by 2014, 4,800 FTEs were employed in or had their jobs supported by the outbound travel sector in Northern Ireland, which was only 3% less than the level in 2008.

Figure 36: Aggregate FTE employment in the outbound travel industry, Northern Ireland



Source: Cebr analysis

6 The future of UK outbound travel

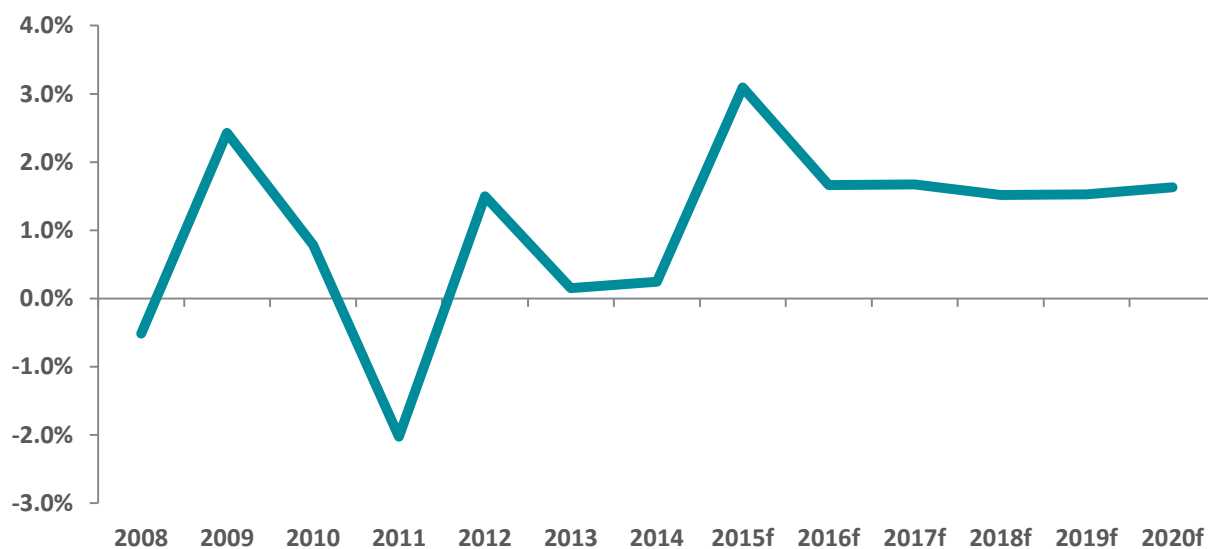
This section examines the future outlook for the growth and contribution of the outbound travel sector. Cebr considers the key economic drivers of outbound travel, economic conditions in the UK, and its nations/regions now, and in the future, and provides forecasts for the future GVA and employment contributions of the outbound travel sector.

6.1 UK macro conditions

The UK outbound travel sector is reliant on a variety of factors, particularly discretionary income and expenditure. The more income left over after expenditure on essential items, the more discretionary (or non-essential) spending can be undertaken. Travelling abroad is viewed by many as 'non-essential' and as a result, during times of financial difficulties, the outbound travel sector can be expected to be adversely affected. In short, the more disposable income people have, the more likely it is that they will be inclined to travel abroad and purchase additional goods and services in the time leading up to their trip.

Figure 37 illustrates the growth of household income since 2008 and its predicted trend until 2020. Following the economic downturn, there has been a protracted period of sluggish growth, only rising by 0.1% on average per year between 2010 and 2012. However, between 2015 and 2020, household income is expected to increase by 1.9% on average per year across the period, suggesting greater potential for more discretionary spending by UK residents, greater demands for outbound travel and a return to sustained growth for the outbound travel sector.

Figure 37: Growth of real gross domestic household income (GDHI) in the UK, from 2008 - 2020



Source: Cebr analysis

The economic strength and stability of the nations and regions of the UK will also drive the outbound travel sector. Different regions will buoy the sector to varying degrees and, as a result, the impacts of the sector are likely to vary across them.

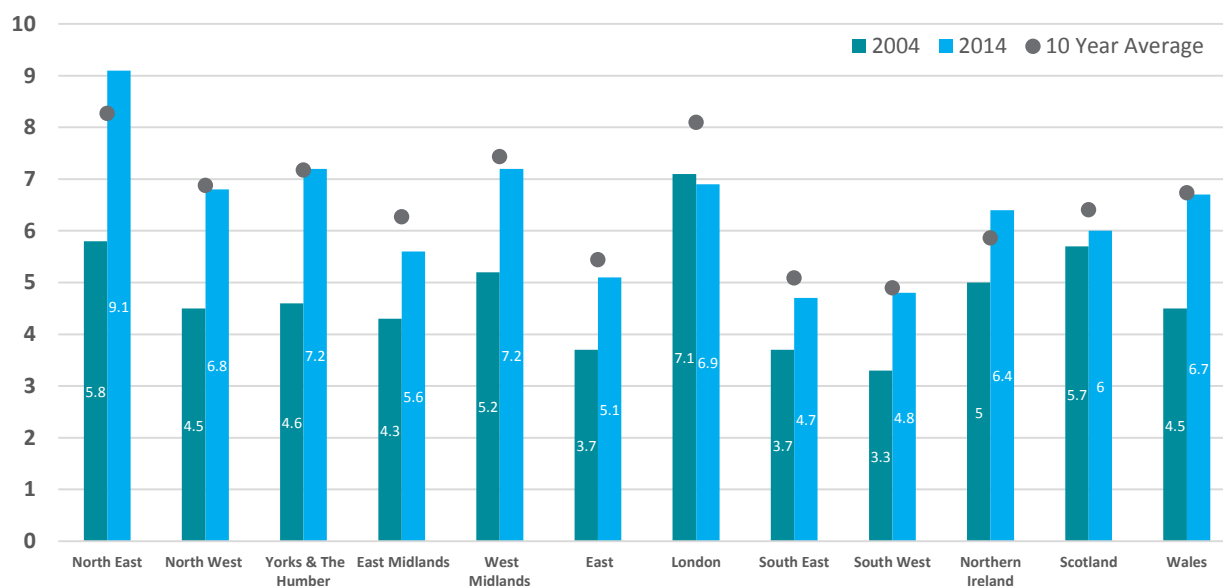
6.2 Regional economic trends

This section sets the scene for the assessment of the current and future national and regional impacts of the outbound tourism sector. Cebr identifies the differences between the UK nations and regions in terms of key economic variables, namely, unemployment, gross disposable household income, business confidence and travel trends.

Unemployment

As part of this analysis, Cebr examines the different rates of unemployment across the UK, which provides a useful signpost for differences that are likely to arise in the discretionary spending of households in the various nations and regions. Figure 38 illustrates national and regional unemployment rates in 2004 and 2014, as well as point indicators of their ten year averages.

Figure 38: Regional unemployment rate, 2004 and 2014 with ten year average



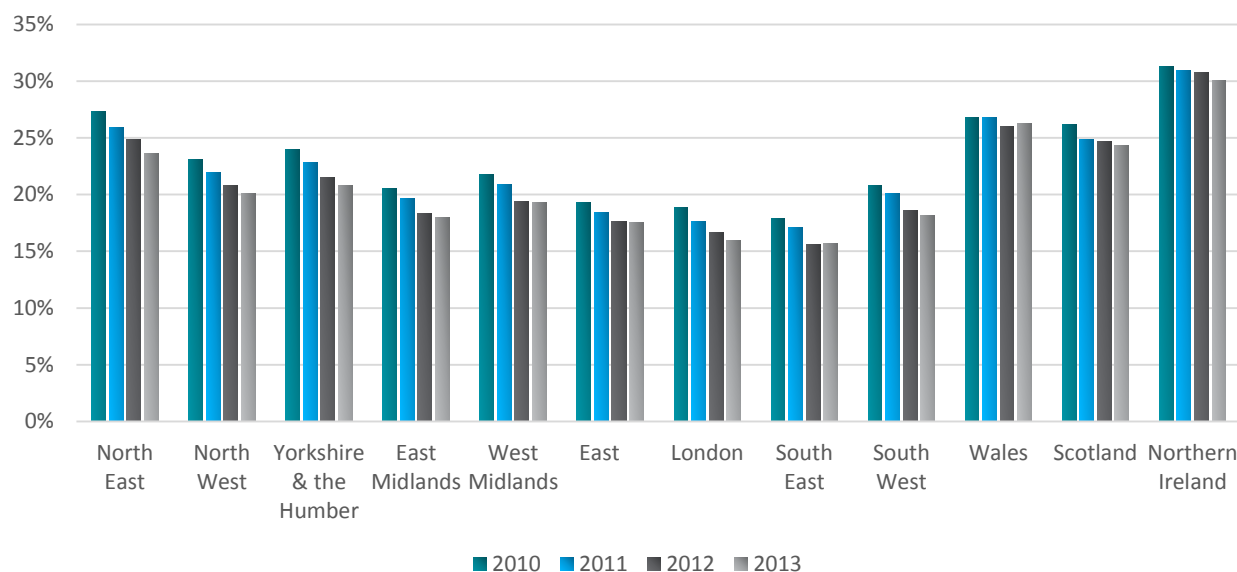
Source: ONS, Cebr analysis

Despite the fact that, in the majority of the regions, aside from London, unemployment was higher in 2014 than in 2004, it was still lower than the 10-year average in several regions. The North East of England and Northern Ireland continue with unemployment that was greater in 2014 than their 10-year averages. But the former has the highest unemployment rate in the country at over 9%. In these and the other regions where unemployment remains persistently high compared to 2004 levels, adverse conditions for discretionary spending prevail amongst more of the populations of these regions than in the past.

A useful indicator of the future outlook for these regions is the share of employment accounted for by the public sector. Not only has public sector pay been frozen for several years, but further public spending cuts in the post-election environment are likely to lead to more of the public sector job losses that have been observed since the financial crisis and subsequent recession.

Figure 39 shows the public sector share of employment in each region over the period 2009-13. As shown in the chart, the share of public sector employment has been in decline in all of the nations and regions.

Figure 39: Public sector share of employment by region, %



Source: ONS, Cebr analysis

Northern Ireland has the greatest dependency on the public sector, which accounted for 30% of all employment in 2013. This is in contrast to the South East of England and London with the lowest public sector shares at 16% of all employment. Unless the private sector can begin to absorb past and future job losses in the regions with the highest public sector dependence, the scope for discretionary spending by the household populations of these regions could remain limited, including spending on outbound travel from the UK.

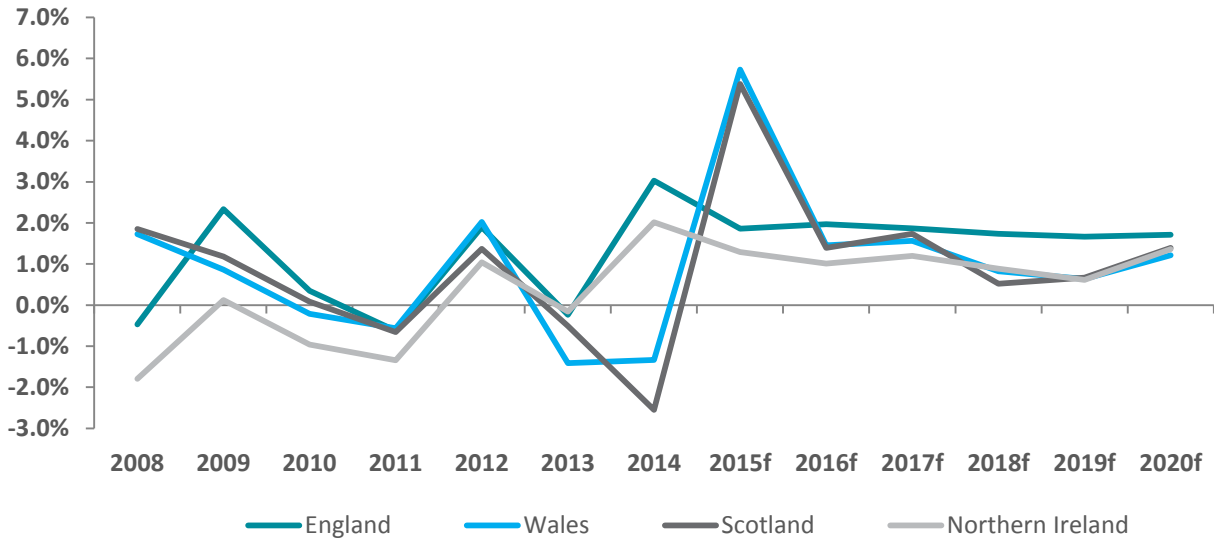
Real gross disposable household incomes

As already noted, outbound travel expenditure is likely to vary greatly with changes in disposable income. Figure 40 below illustrates the historical and projected changes in real GDHI for each of the nations of the UK, from 2008 up to 2020.

Between 2010 and 2014, households in England saw a 0.9% (per annum average) increase in real GDHI, while those in Northern Ireland experienced average annual growth of only 0.1%. By contrast, Scottish real GDHI fell by 0.5% on average per year over the same period with Wales seeing a decline of 0.3%. Economic circumstances, therefore, are likely to have been more favourable in England and Scotland. But the indicators for England as a whole do mask significant variation at the regional level.

Future trends in regional GDHI suggest that household incomes in England and Wales will recover, and are predicted to grow by 1.8% and 1.9% respectively on average per year between 2015 and 2020. Real GDHI in Scotland and Northern Ireland are expected to grow by 1.8% and 1.1% respectively on average per year over the next 5 years. These trends point to an eventual overall recovery of demand for the outbound travel sector across the nations.

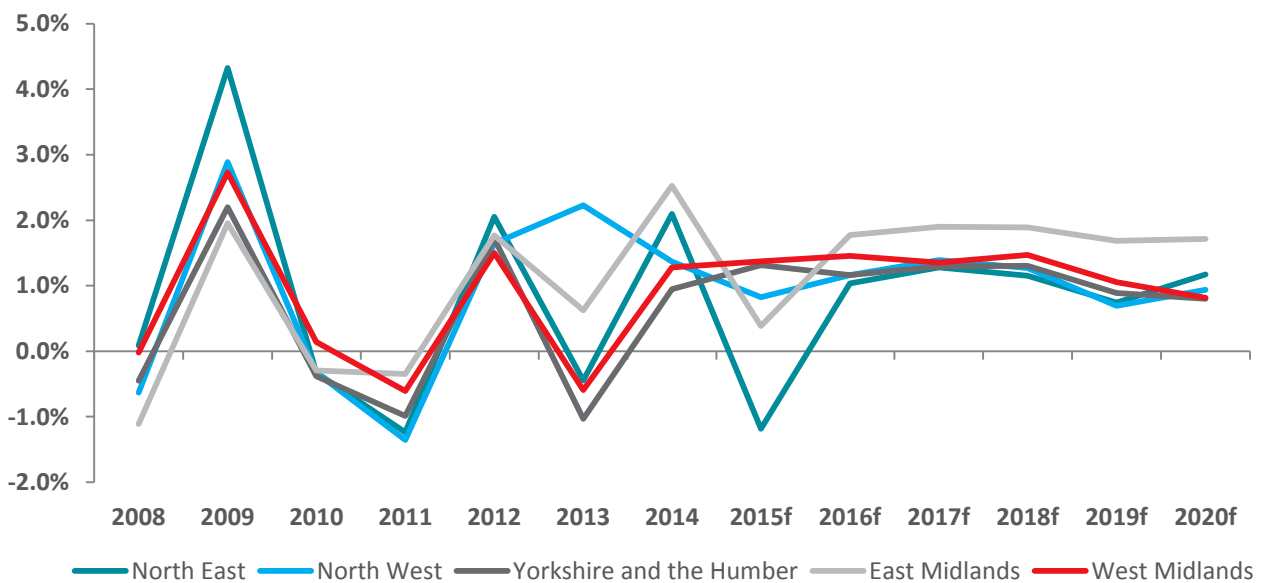
Figure 40: Growth of regional real gross disposable household income, the UK nations



Source: Cebr analysis

Figure 41 illustrates the growth in real disposable income across the northern and midland regions of England. Households in the East Midlands witnessed the greatest increase to incomes between 2010 and 2014, with real GDHI rising by 0.9% on average per year. While the North West saw household incomes increase by 0.7% on average per year between 2010 and 2014, Yorkshire and the Humber witnessed incomes rise by only 0.1% on average per year.

Figure 41: Growth of regional real gross domestic household income, Northern and Midland English regions



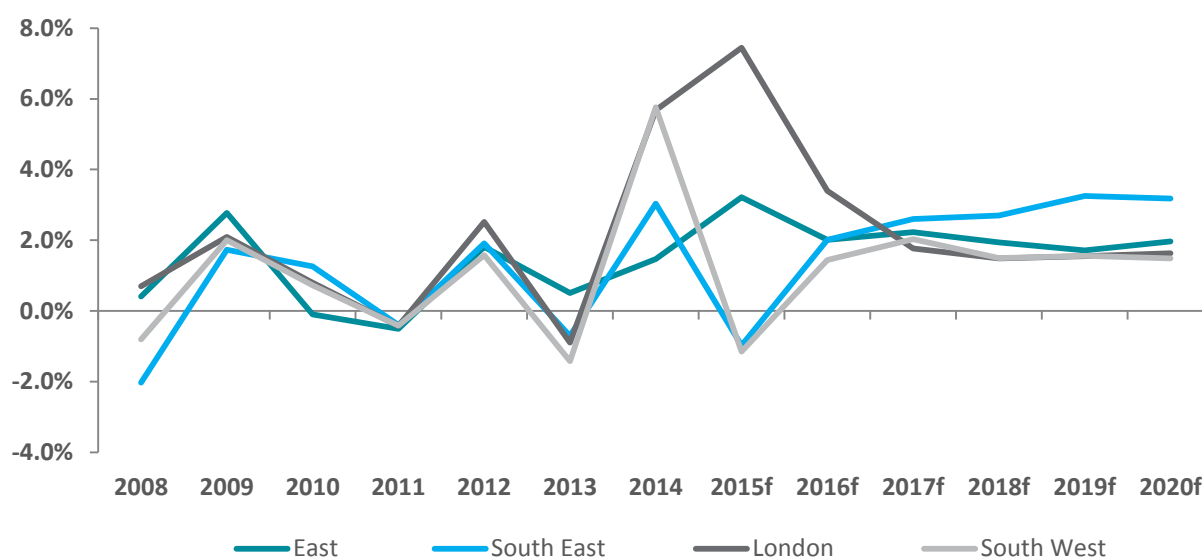
Source: Cebr analysis

However, real income growth in the northern and midland regions are predicted to pick up between 2015 and 2020. In particular, incomes in the East Midlands are forecast to grow by 1.6% on average per

year, while incomes in the North West, Yorkshire and The Humber and the West Midlands are expected to grow by 1.0%, 1.1% and 1.3% on average per year in each region. These trends point to improved scope for discretionary spending by those who are in employment. This can at least help to counter-balance the negative impacts of expected public sector job losses and worsening rates of unemployment.

Figure 42 illustrates the trends in real GDHI across London, the east and the south of England. The figure highlights strong growth in incomes in these regions relative to the northern and midland regions. In particular, households in London witnessed real GDHI growth of 1.5% on average per year between 2012 and 2014, while incomes in the South West and East of England rose by annual averages of 1.2% and 0.6% respectively.

Figure 42: Growth of regional real gross domestic household income, East of England, London and the South East and South West of England



Source: Cebr analysis

Strong income growth across London and the eastern and southern regions of England are expected to continue in the medium term. Between 2015 and 2020 real household incomes are forecast to grow by 2.9% on average per year in London and by 2.2% per year in the East. The South East is predicted to see household incomes rise by 2.1% on average per year.

London sees a sharp incline in income growth in 2015, likely to be pushed upwards in the short-term by labour market pressures such as skills shortages as well the relatively low share of public sector employment in the region. By contrast, income growth in the South East and South West are expected to witness a fall in 2015, likely due to intense price competition between firms in the region which can have the effect of dampening wage growth.

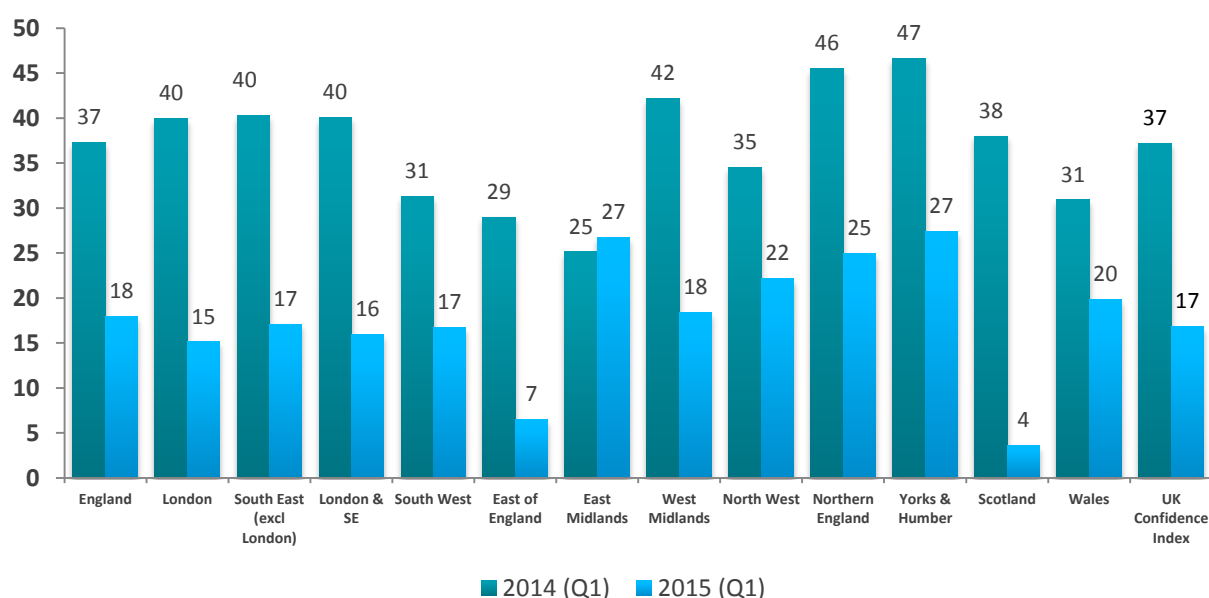
Business Confidence

Travel abroad for business purposes remained at the same level in 2014 as in 2011 and 23% lower than the number of visits made in 2008, in contrast to 6% growth in outbound holiday visits. But despite the lack of growth and the relatively minor share of overall outbound (and inbound) travel, the average level of spend per business traveller tends to be higher than for leisure passengers. They are therefore

important in financial and economic terms, particularly if the provider, such as an airline, is struggling to break-even on services provided to leisure passengers.

Business confidence is an important indicator of short and medium term business performance. Regional variations in business performance can be expected to contribute to the performance and impact of the outbound tourism sector across the nations and regions. Figure 43 illustrates the ICAEW/ Grant Thornton Business Confidence Index.¹² By measuring business confidence, the index provides a ‘pulse check’ on business confidence about their future performance within regions of the UK. The figure illustrates lower business confidence in 2015 relative to 2014, where political and economic uncertainties both in the UK and abroad are likely to have deflated business confidence in recent months. However with confidence remaining positive, the overall implication is that business performance is likely to remain strong and stable in the medium and long-term across most regions of the UK.

Figure 43: ICAEW/ Grant Thornton UK Business Confidence Monitor Index 2014 (Q1) and 2015 (Q1)



Source: ICAEW/ Grant Thornton, Cebr analysis

In 2015, London and the south of England have seen lower business confidence relative to regions in the North and the Midlands. This is a reflection of intense price competition between businesses in the South and labour market pressures, such as the skills shortage suffered by certain industries. By contrast, the highest business confidence in the UK in 2015 was seen in Yorkshire and the Humber and the North West of England, reflecting the relatively strong trade performance of businesses in these regions.

¹² The Business Confidence Monitor is one of the largest and most comprehensive quarterly reviews of UK businesses. The index measures the confidence of businesses based on a survey of over 4,000 telephone interviews each year with ICAEW members working in industry and commerce. Positive scores suggest increases in confidence, where the higher score, the more confidence businesses have in their prospects for the coming twelve months. Negative scores imply a fall in confidence. The results illustrated in Figure 43 are taken from the results of the small business index of Q1 2014 and Q1 2015.

Summary of the regional outlook

Real GDHI is predicted to rise across all the regions of the UK between 2015 and 2020, with the strongest growth expected in London and the south of England, particularly relative to areas in the north and the midlands. This imbalance will not be helped by the potential for increases in rates of unemployment in the northern regions and peripheral nations through public sector job losses. Nor will it help if private sector business performance remains a struggle in these regions, which would prolong such increased rates of unemployment.

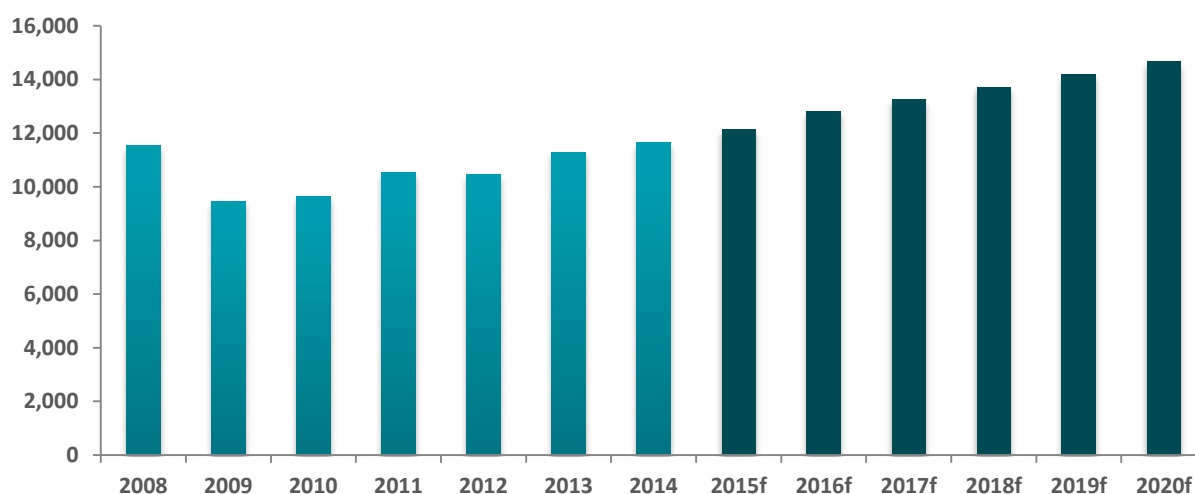
Unsurprisingly, the outlook for discretionary spending levels and, consequently, the outbound travel sector are stronger in the south of England compared with the north. Only once a more widespread and sustainable economic recovery of the UK economy occurs, to an extent sufficient for the private sector to absorb recent and expected future public sector job losses can more balanced demand for outbound travel be expected across the UK.

6.3 Forecasts of the future economic contributions of outbound travel

As discussed previously, demand for outbound travel is dependent on disposable income and discretionary spending. Using economic modelling and Cebr's in-house forecasts of UK household spending, Cebr is able to forecast future expenditure on outbound travel.

Consequently, Cebr expects the GVA contribution of the outbound travel sector to reach £14.7 billion by 2020, as illustrated in Figure 44. This would constitute growth of 26% on 2014 levels. The strongest growth is expected in the 2015-16 period, before the introduction of further austerity measures on public spending in the medium term dampens growth in 2017-2020.

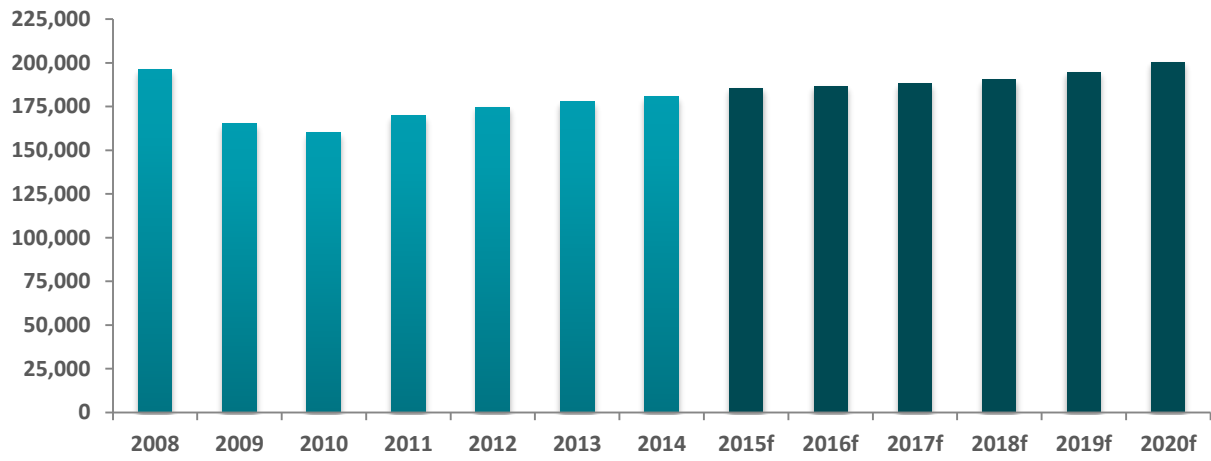
Figure 44: Future GVA generated by the outbound travel industry, 2008-2020, £m



Source: Cebr analysis

Cebr estimates that the outbound travel sector will account for approximately 201,000 full-time equivalent (FTE) jobs by 2020, which would be equivalent to an 11% increase on 2014 levels. Figure 45 illustrates Cebr's expectation that FTE employment levels in the outbound travel sector will only surpass pre-recession levels in 2020. Employment in the sector is predicted to rise by 3% in 2015 from 2014. Cebr's broader in-house UK GDP and employment forecasts suggests that growth in employment by the sector may well stay subdued at 1% per annum beyond 2015 before picking up much later in the decade.

Figure 45: Future FTE employment in the outbound travel industry, 2008-2020



Source: Cebr analysis

Appendix

Table 7: Market structure of all broader industry groups from which the outbound travel industry is drawn, enterprise size by employment in the UK, 2014

SIC Division		Employment size bands			
		0-9 employees	10-49 employees	50-249 employees	250 or more employees
11.01-6 Alcoholic beverages ¹³	no. of firms	1,370	170	45	20
	% of firms	85.4	10.5	2.7	1.2
12 Tobacco products	no. of firms	255	5	-	-
	% of firms	98.1	1.9	0	0
14 Wearing apparel	no. of firms	14,660	575	65	5
	% of firms	95.8	3.8	0.4	0
15 Leather and related products	no. of firms	2,770	90	25	5
	% of firms	95.8	3.1	0.9	0.2
18 Printing and recording services	no. of firms	17,420	1,730	280	40
	% of firms	89.6	8.9	1.4	0.3
20.4 Soap, detergents, perfumes and toilet preparations	no. of firms	280	155	45	15
	% of firms	56.6	31.3	9.1	3
26 Computer, electronic and optical products	no. of firms	7,915	1,065	370	75
	% of firms	83.9	11.3	3.9	0.8
32 Other manufactured goods	no. of firms	17,365	1,010	185	30
	% of firms	93.4	5.5	1	0.2
49.1-2 Rail transport	no. of firms	25	10	5	20

¹³ The market structure of the manufacture of beverages (SIC: 110) industry is used as proxy for the market structure of the manufacture of alcoholic beverages (SIC 11.01-06). This is due to the unavailability of Business Population estimates for the manufacture of alcohol beverages industry group.

SIC Division		Employment size bands			
		0-9 employees	10-49 employees	50-249 employees	250 or more employees
	% of firms	41.7	16.7	8.3	33.3
49.3-5 Land transport services and transport services via pipelines, excluding rail transport	no. of firms	29,895	7,365	1,230	205
	% of firms	77.3	19.0	3.2	0.5
50 Water Transport	no. of firms	2,805	150	30	10
	% of firms	93.7	5	1	0.4
51 Air Transport	no. of firms	2,515	90	35	25
	% of firms	94.4	3.4	1.3	1
52 Warehousing and support services for transportation	no. of firms	15,500	1,680	465	140
	% of firms	87.1	9.5	2.6	0.8
55 Accommodation	no. of firms	36,905	3,990	1,140	145
	% of firms	87.5	9.5	2.7	0.3
56 Food And Beverage Service Activities	no. of firms	113,640	21,040	1,505	335
	% of firms	83.2	15.4	1.2	0.2
65.1-2 & 65.3 Insurance, reinsurance and pension funding services, except compulsory social security & Pensions	no. of firms	350	115	65	55
	% of firms	59.8	19.7	11.1	9.4
66 Services auxiliary to financial services & insurance	no. of firms	46,005	2,445	565	175
	% of firms	93.5	5	1.2	0.4
77 Rental And Leasing Activities	no. of firms	22,015	1,765	285	50
	% of firms	91.2	7.3	1.2	0.2
79 Travel Agency, Tour Operator And Other Reservation Service And Related Activities	no. of firms	14,695	745	165	40
	% of firms	93.9	4.8	1	0.2
82 Office Administrative, Office Support And Other Business Support Activities	no. of firms	82,895	3,925	595	135
	% of firms	94.6	4.5	0.7	0.2

SIC Division		Employment size bands			
		0-9 employees	10-49 employees	50-249 employees	250 or more employees
47 Retail trade services, except of motor vehicles and motorcycles	no. of firms	283,265	15,240	1,475	450
	% of firms	94.3	5.1	0.4	0.2
<i>Outbound travel</i>	no. of firms	712,545	63,360	8,575	1,975
	% of firms	90.6	8.1	1.1	0.3
<i>Whole economy average</i>	no. of firms	1,044,385	194,755	31,475	6,745
	% of firms	81.8	15.2	2.5	0.5

Source: Department for Business Innovation and Skills, Cebr analysis