

International Visitations to the U.S. from

# UNITED KINGDOM



INTERNATIONAL INBOUND TRAVEL MARKET PROFILE

# 2018

**SUMMARY**

The United Kingdom is the United States’ largest overseas inbound market, accounting for 11.7% of all overseas visitations to the U.S.

The United States is similarly the largest long-haul (outside of Europe) destination market for travelers from the U.K., accounting for more than a fifth (21%) of all international travel to non-European destinations by U.K. residents.

Visitations from the U.K. to the U.S. declined considerably in 2016 and 2017 due in large part to the relatively strong U.S. dollar compared to the pound sterling. The Brexit referendum in June 2016 and its subsequent effect on the value of the pound sterling and the British economy has likely contributed to the decline.

As a result of the decline in U.K. visitations to the U.S.—and very strong growth in U.S. visitations to the U.K.—for the first time in decades, the U.S. travel trade surplus with the U.K. turned into a travel trade deficit. Although growth in U.K. visitations to the U.S. resumed in 2018, the number of arrivals has not yet returned to 2015 levels. Brexit remains a risk as of October 2019, and a further decline in the value of the pound sterling or a slowdown in the U.K. economy may result in additional stagnation (or declines) in British visitations to the U.S.

**UNITED KINGDOM MARKET SUMMARY, 2018**

U.S. Visitations from United Kingdom	4.7 million
Travel Spending	\$12 billion
Average Spending Per Visitor	\$3,241
Total U.S. Travel Exports	\$16 billion
U.S. Travel Trade Balance	-\$0.7 billion

VWP Member	Free Trade Agreement	Global Entry	Pre-Clearance	Open Skies
✓	✗	✓	✗	✓

**MACRO OVERVIEW**

With a \$2.6 trillion economy and a population of 66 million, the U.K. ranks 5th in GDP and 22nd in population globally. Home of the industrial revolution, the U.K.’s economy—one of the largest in Europe—is now increasingly services-based, although it maintains industrial capacity in high-tech and other sectors. The city of London is a global financial services hub.

The U.K. joined the European Union in 1973. However, U.K. citizens in June 2016 narrowly voted to leave the EU. The so-called “Brexit” has taken years to carry out and, as of early October 2019, its fate is still uncertain. From early 2013 to mid-2016, the value of the pound sterling depreciated by 9% against the U.S. dollar. In the wake of Brexit, the pound fell an additional 13% by the end of 2018.

Amid the ongoing uncertainty related to Brexit and the associated political turmoil, the U.K. economy looks increasingly fragile. After increasing by 3.5% in 2014, the U.K.’s real GDP growth has slowed gradually to 1.4% in 2018 and is expected to slow further to 1.1% in 2019.

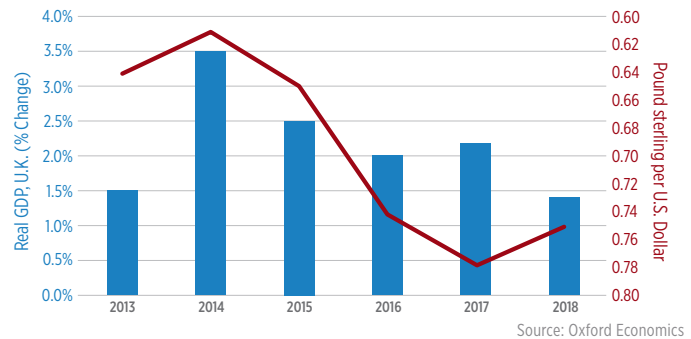
**TRAVEL IMPACT: VISITATION**

Following two years of declines (-6.7% in 2016 and -2.3% in 2017), visitation from the U.K. to the U.S. grew by 3.9% in 2018. With 4.7 million visits, the U.S. remained, by far, the top long-haul destination for residents of the U.K.

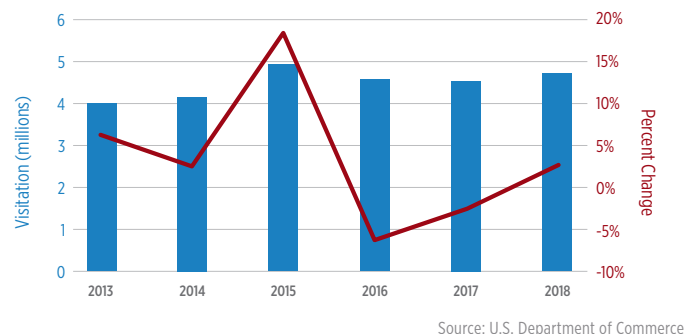
Despite the modest growth in 2018, however, U.K. visitation in 2018 remained 5% lower than in 2015. In fact, while the U.S. commanded a 24% share of long-haul travel from the U.K. in 2015, it commanded a share of just 21% in 2018.

Visitation from the U.K. to the U.S. has continued to grow in 2019—it increased in six out of the first seven months of the year on a year-over-year basis. Overall, in the first seven months of 2019 (monthly data for 2019 is only available through July as of October 2019), total visitation from the U.K. increased by 6.1% compared to the first seven months of 2018.

United Kingdom GDP and Currency, 2013–2018



United Kingdom Visitation to the U.S., 2013–2018



## TRAVEL IMPACT: ECONOMIC

Valued at \$16 billion in 2018<sup>1</sup>, travel was the second-largest U.S. export to the U.K. (after financial services). While the value of travel exports remained relatively high, it was 6% lower than 2015's \$17 billion in travel exports.

Travel's share of total U.S. exports of goods and services to the U.K. has similarly declined in recent years—travel exports accounted for 13.6% of all exports of goods and services to the U.K. in 2015, 13.0% in 2016, 12.4% in 2017 and 11.4% in 2018.

Travel imports (i.e. spending by U.S. travelers in the U.K.), on the other hand, have grown substantially since 2015 because of the impressive growth in U.S. visitations to the U.K., due largely to the relatively weak pound sterling. In 2018, travel imports (\$16.7 billion) were higher than travel exports (\$16.0 billion). As a result, the U.S. had a travel trade *deficit* with the U.K. of \$0.7 billion. This was the first time in decades that the travel trade surplus with the U.K. turned into a travel trade deficit.

For more about the effects of visitation from the U.K on America's trade balance, see the addendum, page 5.

TOP U.S. EXPORTS TO UNITED KINGDOM, 2018		
INDUSTRY	U.S. EXPORTS IN BILLIONS (\$)	SHARE TOTAL EXPORTS OF GOODS AND SERVICES
Financial Services	17.0	12.1%
<b>Travel</b>	<b>16.0</b>	<b>11.4%</b>
Transportation equipment	15.2	10.8%
Charges for use of intellectual property	10.9	7.7%
Professional and management consulting services	10.7	7.6%
<b>Total Goods and Services</b>	<b>140.8</b>	<b>100%</b>

Source: U.S. Department of Commerce

## MAJOR TRAVELER CHARACTERISTICS

In 2018, 28% of U.K. travelers in the U.S. visited Florida, 27% visited New York state and 17% visited California. Top cities included New York City (visited by 27%), Orlando (19%), Las Vegas (10%), Los Angeles (9%) and San Francisco (8%).

- ▶ The average U.K. traveler spends nine nights visiting the U.S.
- ▶ Main purposes for visiting the U.S. are: vacation (65%), visiting friends/relatives (18%), business (9%), convention/trade show (6%) and education (2%).
- ▶ Top activities in the U.S. are shopping, sightseeing, visiting national parks and visiting historical locations.
- ▶ The top incentives for U.K. travelers to visit the U.S. were a prior visit that made them want to return, the general atmosphere of the U.S., adventure, checking off a bucket list destination and good food/cuisine.
- ▶ 12% of U.K. travelers indicated this was their first trip to the U.S.

### CHARACTERISTICS AT GLANCE



**9 NIGHTS**  
Average Visit



**65%**  
on Vacation



**28%**  
Visited Florida



**27%**  
Visited New York



**12%**  
First trip to the U.S.



**SHOPPING**  
is a top activity

For more Traveler Characteristics and Demographics, see the addendum, page 7.

1. International standards now use a broader definition of travel exports than previously used which, in addition to general travel spending by visitors, includes education-related and health-related spending, as well as expenditures on goods and services by border, seasonal and other short-term workers in the United States. For more information, please visit <http://travel.trade.gov/pdf/restructuring-travel.pdf>.

## THE COMPETITION

Despite the modest growth in 2018, U.K. visitation to the U.S. has declined by 5% since it peaked in 2015. Although some of the decline in 2015 and 2016 can be blamed on the Brexit referendum and the subsequent fall in the value of the pound sterling, the U.S. suffered more than other destination, though this could be partly a result of the relatively strong dollar compared to other currencies. In fact, during the same 2015-2018 time period, U.K visitation to all long-haul markets *increased* by 8%. (Examples by top destinations include: India, +33%; Thailand, +4%; and Canada, +11%.)

As a result of these trends, the U.S. lost a significant amount of market share of U.K. long-haul travelers, declining from 24% in 2015 to 21% in 2018.

**With the likelihood of increased uncertainty regarding Brexit, visitation from the U.K. may face additional headwinds. But residents of the U.K. will keep traveling. Every effort should be made to maintain the United States’ competitive edge and ensure that the U.S. can regain its place in attracting U.K. visitors at the rate that it did just a few years ago.**

TOP U.K. LONG-HAUL DESTINATIONS 2015 & 2018

DESTINATION	VISITATIONS, 2015 (IN MILLIONS)	VISITATIONS, 2018 (IN MILLIONS)	% CHANGE IN VISITATIONS, 2015-2018
1 United States	4,901	4,659	-4.9%
2 United Arab Emirates	1,500	1,582	5.5%
3 India	868	1,153	32.9%
4 Thailand	948	987	4.2%
5 Canada	716	791	10.6%
<b>Total Long-Haul Travel</b>	<b>20,548</b>	<b>22,151</b>	<b>7.8%</b>

Source: Tourism Economics and U.S. Department of Commerce (for U.S. arrivals)

## TRAVEL FROM U.K. TO THE U.S. IS “MADE IN AMERICA”

### 1 Spending by residents of the U.K. in the U.S. produced \$16 billion in export income for the U.S. economy.

Although travelers from Mexico are physically on U.S. soil when they visit the United States, the goods and services they consume while in America are U.S. exports. In 2018, U.S. travel exports to Mexico are estimated at \$21.2 billion, which includes travel spending by Mexican visitors to the U.S, education-related expenses by Mexicans in the U.S., health-related expenses and spending of border/seasonal workers, as well as international passenger fares by Mexicans flying on U.S. airlines.

In the case of Mexico, spending by border/seasonal workers is particularly high and, together with health-related spending (likely much lower), accounted for 39% of all U.S. travel exports in 2018.

### 2 Travel is the second-largest U.S. industry export to the U.K. and accounted for 11.4% of all U.S. exports to the U.K. in 2018.

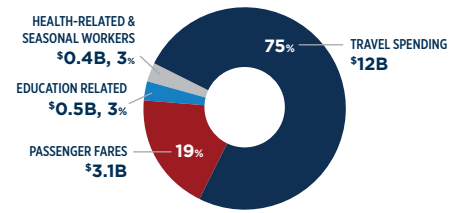
As the second-largest industry export to the U.K. in 2018, travel accounted for 21.6% of U.S. services exports to the U.K. and 11.4% of all U.S. exports of goods and services to the U.K., behind only financial services (12.1%).

### 3 For the first time in decades, the U.S. had a travel trade deficit with the U.K. in 2018 .

Despite the fact that travel remained the second-largest industry export to the U.K. in 2018, valued at \$16 billion, it has declined considerably since 2015. At the same time, U.S. visitation and spending in the U.K. (“travel imports”) have grown strongly, reaching \$16.7 billion. As a result, the U.S. had a \$0.7 billion travel trade *deficit* with the U.K. in 2018.

While the U.S. continues to enjoy a large (and growing) *overall* trade surplus with the U.K. in 2018, the trade balance within the travel industry turned negative for the first time in decades. In fact, the U.S. had enjoyed a relatively strong travel trade surplus with the U.K. for many years. In 2015, the U.S. had a travel trade surplus of \$4.5 billion. In 2016 and 2017 (following the Brexit referendum), however, this surplus had shrunk to \$2.5 billion and \$0.2 billion, respectively, finally turning into a deficit in 2018.

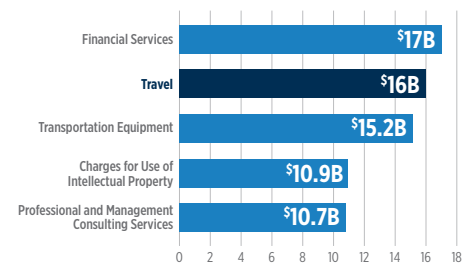
Breakdown of U.S. Travel Exports to United Kingdom



Total U.S. Travel Exports to U.K. = \$16 Billion

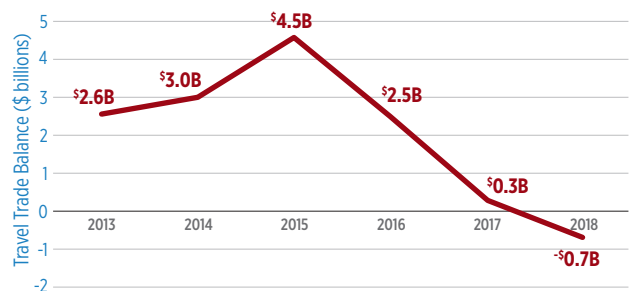
Source: U.S. Department of Commerce

Top 5 U.S. Exports to United Kingdom, 2018



Source: U.S. Department of Commerce

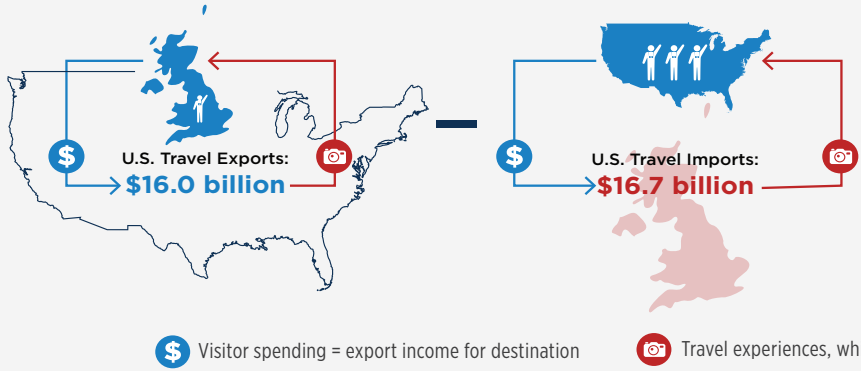
U.S.-U.K. Travel Trade Balance, 2013-2018



Source: U.S. Department of Commerce

### CALCULATING THE TRAVEL TRADE BALANCE WITH U.K.

Spending by U.K. visitors constitutes a U.S. travel export while spending by U.S. residents in U.K. constitutes a U.S. travel import.



**= (\$0.7) Billion**

Travel Trade Deficit with U.K.

Since travel imports to the U.K. are greater than travel exports, the U.S. has a travel trade deficit with the U.K."

## TRAVEL CHARACTERISTICS AND DEMOGRAPHICS

### TOP MOTIVATIONS FOR INTERNATIONAL TRAVEL<sup>1</sup>



Cultural/Historical Attractions



Local Lifestyle



Beaches/Seaside Attractions



Dining/Gastronomy



Shopping

### IMPRESSIONS OF THE U.S.<sup>1</sup>

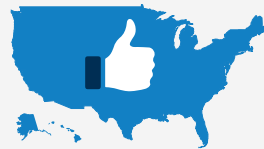
FRIENDLY

DIVERSE

ADVENTUROUS

ENERGETIC

ARROGANT



27% say the U.S. is a top desired destination<sup>2</sup>

PLANNING/BOOKING BEHAVIORS	2018	2017
Use of social media to plan trip <sup>2</sup>	19%	20%
Pre-paid package <sup>3</sup>	17%	17%
Average trip decision time in days <sup>3</sup>	151	154

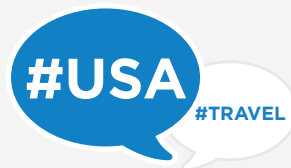
### MOST INFLUENTIAL CONTENT WHEN DECIDING ON DESTINATION<sup>2</sup>

RESTAURANTS AND FOOD

HOTELS AND LODGING

ICONIC ATTRACTIONS

TRANSPORTATION



19% use social media to plan trip<sup>2</sup>

DETERRENENTS TO VISITING THE U.S. <sup>2</sup>	2019	2018
Airfare too expensive	34%	
Too expensive	24%	44%
USA is too far away	24%	20%
Concerns about my personal safety	18%	16%
Strict security policies	16%	
Better destinations exist	15%	15%
Don't have enough holiday time	15%	14%

PRIMARY TRIP PURPOSE <sup>3</sup>	2018	2017
Vacation/holiday	65%	66%
Friends and Relatives	18%	19%
Business	9%	8%
Convention/trade show	6%	5%
Education	2%	2%

ACTIVITY PARTICIPATION <sup>3</sup>	2018	2017
Shopping	85%	86%
Sightseeing	82%	83%
National Parks/Monuments	38%	40%
Historical Locations	31%	30%
Experience Fine Dining	30%	30%

DEMOGRAPHICS <sup>3</sup>	2018	2017
Average age	44.8	43.4
Annual household income	\$102,183	\$99,064

1. Brand USA  
 2. Destination Analysts, 2019  
 3. National Travel and Tourism Office