Nottingham University Business School

MBA Programmes

MANAGEMENT PROJECT – INDIVIDUAL

N14 M70

Destination Branding

- Application of Product Marketing Principles to Place Marketing in the 'GREAT Britain – You're Invited' Marketing Campaign

Varuni SAKHALKAR

Student ID: 4161063

Destination Branding

- Application of Product Marketing Principles to Place Marketing in the 'GREAT Britain – You're Invited' Marketing Campaign

9/14/2012
Nottingham University Business School
Varuni Sakhalkar (4161063)

Word Count - 5695

3

Abstract

With increasing competition, destinations are vying with each other to create a positive image and personality to gain a competitive advantage. Consumers today are better connected and well informed due to the online travel revolution. They play a more active role and technology players like Facebook are becoming a necessary partner for the travel industry. This high internet usage and increased interaction over social media changes the way branding and marketing is managed and executed.

The power of branding can be seen across varied industries and the tourism sector is no different. So far there have been extensive research and studies about marketing principles and their application to tangible goods and intangible services. There has also been a growing interest in the application of these principles to successfully brand tourist destinations, regions, cities and in fact entire countries.

This report looks at what has been published about branding a destination vis-à-vis branding a product; its complexity and limitations shall be explored on the basis of the nature of the industry and the current industry analysis. The importance of studying this particular topic was felt after carrying out a thorough industry analysis for the travel industry in UK, which provided insight into the current scenario and difficulties being faced by firms within the sector. In these times of economic instability it has become all the more competitive and essential for destinations to be branded in order to highlight their unique selling proposition; which could potentially attract more travellers and contribute positively towards the industry revenue stream as well as the region's GDP.

Since London won the bid to host the 2012 Olympic Games, there has been a conscious effort and plan to utilise this globally popular event to showcase Britain as a favourable tourism and business destination. Various marketing plans have been put in place by the tourism bodies, with consistent support from the Prime Minister. The campaign launched towards achieving the desired destination branding has a simple proposition of 'GREAT Britain – You're Invited'. It has been designed to increase the number of travellers visiting the nation as well as build the aspiration value of travelling to the United Kingdom. Other

concomitant effects of the resulting increase in visitors would obviously be purely economic with positive impacts on revenue and employment levels of the country.

This particular marketing campaign will be analysed on the basis of the aforementioned literature review on the subject.

Methodology and Purpose

The basic data studied for this paper are the concepts of place marketing. The research methods employed for this particular paper are mostly secondary sources of data available at the University of Nottingham's Business Library as well as the elibrary gateway on the university intranet portal to which we have access. Multiple journal articles were found especially pertaining to tourism and vacation management which provided insightful papers on the topic at hand. Besides journal articles there are also academic texts books which have been referred to, which specifically discuss destination management and tourism marketing.

Since the marketing campaign being analysed is a 'hot topic', it has been much discussed on online public forums and blogs as well. Newspaper articles and websites have also been helpful in providing some discerning and critical views on the campaign. Besides this the official website of www.visitbritain.com has also described the marketing research, plan and implementation in great detail which has been contributive towards the completion of this research paper.

The study contributes to literature by analysing a current and on-going place marketing campaign on the basis of conceptual frameworks. It is a managerial contribution towards the effectiveness and necessity of such a campaign to be launched by UK at the present time.

Key words – Destination image, destination personality, destination branding, Great Britain campaign

Acknowledgements

Completion of this paper along with the company based project and dissertation has been a challenging process. However I have been able to complete it successfully with the support and encouragement from many individuals.

I am grateful to my parents and family members who have supported my decision to do this course and cheered even my most minor achievements. I have been fortunate to be a part of the welcoming and affectionate MBA cohort. Every member within the batch has taught me a valuable lesson and helped me get through a rollercoaster academic year. I am also thankful to the wonderful professors and staff at Nottingham Business School, who have always been helpful and kind.

I also take this opportunity to thank my classmate Peeyush Daruka, who worked with me on the company project. His presence was always reassuring. Lastly I would like to extend my heartfelt gratitude to my supervisor Dr.John Colley for his valuable feedback and constant encouragement.

Introduction to Tourism Industry

Modern marketing principles were originally developed for products and durable goods but with the increase in service offerings, these principles are being applied to the service industry as well. Some of the features possessed by services that differentiate them from products are –

- Intangibility
- Heterogeneity
- Temporary ownership
- Perishability
- Inseparability

According to Seaton and Bennett (1996) tourism is considered to be largely a service offering; however there are certain unique characteristics of this industry which set it apart from other services –

1. **Tourism is more supply-led than other services** – this would result in the industry being more promotion driven rather than customer driven. Promotions would be designed according to what tourism products (like beaches, mountains, monuments etc.) are available on offer at that destination and then marketed to consumers who are interested in that particular product.

2. **The tourism product is frequently a multiple one involving cooperation between several suppliers** – this would include tour operators, accommodation suppliers, transport carriers etc. They might have different competence levels and vested interests.

3. **Tourism is a complex, extended product experience with no predictable critical evaluation point** – a vacation is evaluated at varied points before, during and after the actual holiday period. This could extend for a long time after the consumer has experienced or used the product.

4. **Tourism is a high-involvement; high-risk product to its consumers**–going on a holiday involves a considerable time and money. The opportunity costs of an unsatisfactory holiday can be very high.

5. **Tourism is a product partly constituted by the dreams and fantasies of its customers** – Morrison (1989) has emphasized the emotional and irrational buying appeals that underlie choices related to tourism and also the importance of stature and imagery in tourism promotions.

6. **Tourism is a fragile industry susceptible to external forces beyond the control of its suppliers** – war, terror outbreaks, political unrest, natural disasters etc. can create adverse trading conditions for tourism and organisations need to respond quickly to such events by way of reduced prices, redesigning products or promotions.

Place marketing, in particular, has gained global importance in the past few decades. Baker and Cameron (2008) have attributed this interest to the growing number of transactions across international borders; which has repercussions for the competitiveness of places. Indeed, as competition for inward investment, residents and revenue from tourism has rapidly increased, the application of marketing techniques to places has also increased. Means of transportation are more accessible, people in emerging economies have a growing share of disposable income and there is increasing exposure to foreign lands and culture through various media. Consumers are more aware of the choice of destinations available to them and they can also access other travellers' experiences through social media. All these factors have led to a change in the way the travel industry functions, especially the way destinations are marketed to potential customers.

More and more destinations are vying to achieve a competitive advantage and be the destination of choice for holiday-makers. Buhalis (2000, in Baker and Cameron, 2008) lists the following as strategic marketing objectives of destinations:

1. Enhance the long-term prosperity of local people
2. Delight visitors by maximising their satisfaction
3. Maximise profitability of local enterprises and maximise multiplier effects
4. Optimise tourism impacts by ensuring a sustainable balance between economic benefits and socio-cultural and environmental costs

Place marketing is defined by Kotler et al (1999, in Baker and Cameron, 2008) as '… a place planning procedure concerning the satisfaction of the needs of target markets. It could be successful when it satisfies two main parameters: a) The enterprises' and the residents' satisfaction from the purchase of goods and services that the place provides, b) the satisfaction of the expectations of potential target markets (enterprises and visitors), as long as the goods and the services that the place provides to them are those that they wish to get'.

As tourist arrivals increase for a particular destination, the relevant authorities increase investment into infrastructure, amenities and facilities. The expanding hotels start depending on arrivals for business, focus on additional promotion to attract more travellers and develop people to provide quality service. However, as is the case with all industries, the tourism business has its share of downturns as well. These downturns could be due to various reasons and obviously lead to a decline in arrivals, revenues, profits etc. It is in such situations that operators either attempt to draw the crowds through discounted prices or shift their focus towards a fresh plan for tourism.

Destination Development Cycle

1. Tourist arrivals increase	6. Interruptions to tourist arrivals	7. Empty rooms, lower rates of stock returns
2. Investment in facilities and hotels	5. New employment skills, modified architecture, environment and culture, new residents	Discounting
3. Promotion to stimulate more arrivals	4. Additional investment in infrastructure and facilities	Refocus and plan for tourism

Source – Laws, E. (1995) Tourist Destination Management (p.9)

As analysed in the industry report (see appendix 1),recently the UK travel industry has been severely impacted by economic uncertainty, natural calamities, legislative changes, corporate activities, technological advancements, political unrest and government policies. All of these factors are interruptions to tourist arrivals and have an impact on the way business is carried out and strategies are being adopted by travel companies to sustain their revenue flow and gain a competitive advantage.

The UK government is committed towards refocusing, planning and developing the tourism sector and have developed a strategy for the same. The government and private sector plan to jointly fund a £100million marketing campaign to attract 4 million extra visitors over the next four years, increase the proportion of UK residents who holiday within UK to match those who holiday abroad and improve the sector productivity to become one of the top five most efficient and competitive visitor economies in the world.

A £5 million marketing campaign for domestic tourism is also in place (Holidays at Home are GREAT!). The amount is part of the Olympic Games budget, which is to be spent to promote domestic tourism with the aim of generating additional 5.3 million short breaks and spend of £480million by 2015 (Keynote, 2011).

Following are the key insights which have shaped the campaign efforts (www.visitbritain.com, 2012) –

- The UK is the 6th most visited destination by international tourists but is losing market share.

- Built heritage, cultural heritage and contemporary culture are core to Britain's offer, with shopping and watching sport popular activities.

- Britain is a vital cog in the global aviation network, but competitor destinations across Asia and the Middle East are investing heavily in expanding their own connectivity and aviation infrastructure.

- Tourists are increasingly demanding authentic experiences and are going the extra mile to find value for money; user generated web content underpins this trend.

- Outbound travel from countries in developing parts of the world is growing rapidly, but international travel is primarily intra-regional rather than inter-regional, so Western European markets continue to offer growth potential for Britain's inbound visitor economy.

SWOT Analysis

Strengths

1. The UK is a well-connected transport hub, facilitating movement to global and local destinations.

2. After a difficult 2 years, the outbound and domestic sectors appear to be on the gradual road to recovery.

3. Domestic tourism in particular has seen a strong growth in 2011, with increase in 'staycations' and 'daycations'. This is mainly due to the weakening of the Pound.

4. The UK Government recognises the economic benefits of tourism and is keen to invest to increase its return.

5. Trips for purposes such as business travel have also demonstrated an increase in the recent past.

Weaknesses

1. The economy plays a crucial role in boosting tourism and its overall stability is vital.

2. Tour operators have continued to cease trading throughout 2011 and this reduces overall consumer confidence.

3. High-street sales have been struggling against online sales, and the same can be said for high-street tour operators.

4. The volatility of the financial markets and currencies has a negative impact on outbound tourism.

Opportunities

1. Emerging markets and exotic locations represent areas where a travel agent's expertise will still be required as they are relatively unknown.

2. Increased interest in eco-tourism and sustainable tourism provides agents and operators an opportunity to differentiate products.

3. Major events in 2012 such as the Diamond Jubilee, the Olympic and Paralympic Games and the Cultural Olympiad represent opportunities for tourism and destination promotion.

4. For those who wish to avoid the crowds during the major events of 2012, a foreign holiday or domestic holiday to a remote location during the busiest period may be apriority.

5. Cloud computing represents an opportunity for agents and operators to improve the efficiency of their services.

Threats

1. The increased penetration of the Internet into consumers' lives has made it easier to independently organise holidays.

2. As experienced during the winter of 2010 and the volcanic ash clouds, UK travel is highly vulnerable to severe weather conditions.

3. The proposed increase in Air Passenger Duty (APD) and introduction of aviation into the EU Emissions Trading Scheme will significantly increase the cost of flying for the UK holidaymakers and travellers considering UK as a destination.

4. The increasing cost of fuel could deter consumers from travelling long distances for a domestic holiday if they intend to use their car for transportation.

5. Flights can be disrupted by industrial action by transport operators' staff. Consumers may not want to risk flying abroad if they believe that their travel may be postponed.

PESTEL Analysis

Political

- **Strategy for tourism** – the government and private sector plan to jointly fund a £100million marketing campaign over the next four years to attract 4 million extra visitors, increase the proportion of UK residents who holiday within UK to match those who holiday abroad and improve the sector productivity to become one of the top five most efficient and competitive visitor economies in the world.

- **£3million marketing campaign for domestic tourism** – this amount is part of the Olympic budget which is to be spent to promote domestic tourism with the aim of generating additional 5.3 million short breaks and a spend of £480million by 2015.

Economic

- **Decline in UK high street** – the recession along with the rising popularity of online sales has forced many high-street shops to cease trading. The trend will continue due to lower operating costs and higher flexibility offered by cloud computing.

- **Increased cost of air travel** – the cost of flying is predicted to rise due to the EU ETS and the increase in APD. This will have a negative impact on outbound travel but can help boost domestic tourism.

- **Tough times for agents and operators** - smaller businesses continue to struggle and costs need to be brought down for operators to survive. Mergers and acquisitions are likely. More operators are switching to online distribution and sales channels.

Social

- **Arab Spring effects** – Tunisia, Egypt and Morocco are popular UK tourist destinations and have been affected by the recent uprising and political unrest in North Africa and Middle East. Cancellations cost Thomas Cook £22million.

- **Changing demographics** –the population is getting older, unemployment is at an all-time high and people are making less discretionary expenditures.

Technological

- **Cloud computing** – cloud computing is the next big thing and will have a significant impact on the way businesses store information. It is estimated that the elimination of the capital cost of buying hardware would save £50,000 - £75,000 over a 3 – 5 year period. However data security remains a major concern.

- **TTA Worldchoice launches Honeycomb** – it is an online booking system launched by travel consortium TTA, to help members boost margins and access products more efficiently. Agents can also access net rates from cruise lines and consumer financial protection products.

Environmental

- **Emissions trading** - from 1st January 2012, the aviation industry will be subject to the EU's Emissions Trading Scheme. Airlines will be given a carbon dioxide allowance and airlines exceeding this allowance will have to pay extra. This would be applicable to all airlines operating in EU airspace and countries like USA, China, India, Canada and Russia have lodged their protest against the same.

- **ABTA's Travelife** – it is a tool for hotels and apartments to monitor and manage their social and environmental impact. A directory is maintained listing audited hotels which helps traveller make an informed choice.

Legal

- **Air Passenger Duty** – APD is the charge levied for carrying a passenger from a UK airport. This has been frozen by the government for 2011, with a plan of a double-inflation rise in 2012. This will make flying significantly more expensive.

Impact November 2010 increase in APD will have on UK holidaymakers' flying habits (Survey of 1,000 UK Holidaymakers)

Yes, I plan to stop flying - 37%

Yes, I plan to reduce the number of flights I take - 8%

No, I plan to continue with my current flying habits - 55%

Source - World Travel Market 2010 Industry Report

- **ATOL reforms** – the ATOL scheme protects travellers on package holidays and certain flights, in case of insolvency of their tour operator. Businesses pay £2.50 for each booking made, which funds this scheme. The government plans to bring about changes which will ensure 6 million more holidays receive protection.

- **EU tourism resolution** – the EU parliament passed a resolution in September 2011 whereby declining areas in Europe will be rehabilitated and Europe's multicultural heritage will be built upon.

The GREAT Britain Campaign

In 2005 UK won the bid to host the 2012 Olympics. Since then the government and tourism bodies have made efforts towards boosting tourism marketing to showcase Britain to the world. The whole world has fervently watched the Games which was a ready platform to let everyone know that Britain is great place to live, invest, do business with and visit. The proposition is "GREAT Britain – You're invited".

Source – www.visitbritain.org (2012)

These drivers have been worked into creating an effective campaign and have also been tailored according to the target market.

Source – www.visitbritain.com

The campaign has been launched in two phases; one before the games in 9 main markets and the other will be post-Olympics till March 2013. In the first phase the emphasis is on building a positive image for Britain and once the Games are over the plan is more tactical,

17

building on the publicity already gained during the Games. The campaign is making heavy usage of social media, given the increasing internet penetration and usage of sites such as Facebook, Weibo, Twitter etc.

At the end of the first year, following has been the campaign progress (www.visitbritain.com) –

- 12 major partners and more than £10 million of match-funding has been acquired
- A dozen celebrities have been signed up
- The first global TV ad in 10 years has been produced
- An ambitious PR stunt (GREATBritain3D) was undertaken
- The GREAT Britain tactical campaign was launched in 21 markets and a viral campaign to encourage the British public to invite their friends and family to visit Britain in 2012
- The image campaign was rolled out in 14 cities in 9 countries (Australia, Brazil, Canada, China, France, Germany, India, Japan and the USA)
- £3.7 billion worth of positive editorial coverage of Britain in the overseas media was generated
- Strong relationships with Olympic-rights broadcasters in various countries
- In March 2012, 35 top international journalists from around the world were invited on a VIP tour to preview the highlights of 2012 across the country
- Integrated digital activities created to inspire and motivate people to travel
- Working with intermediaries in the longer haul and BRIC markets and also in the area of special interest travel in more mature markets

Destination Image

'Tourism is an industry based on imagery; its overriding concern is to construct, through multiple representations of paradise, an imagery (of the destination) that entices the outsider to place himself or herself into the symbol-defined space…'(Buck, 1993 in Laws, 1995). Differentiating a destination from another is critical because replacing one with another is becoming more and more common with an increasing choice of destinations available to the consumers. According to Henderson (2006) each destination has an image – good, bad or indifferent – which needs to be identified and, if required, altered in order to attract more visitors. Mayo (1975, in Jenkins, 1999) states that destination image is a critical factor in a tourist's destination choice process.

In order to create an appealing destination image there needs to be an understanding of potential visitors' interests and attitudes towards the destination (Laws, 1995). Images help establish a distinct position for a destination which offers similar primary attractions when compared with other destinations. E.g. – two beach resorts may be viewed as similar in terms of attractions offered but with the help of image management, they can establish themselves in the public's mind as being distinct. One might target retired, elderly travellers while another might focus on young couples with children. They will promote their facilities and service offerings according to what appeals to their respective target customer (recreational activities, babysitting facilities, accommodating special dietary requirements etc.).

However, the difficulty in establishing a consistent country image in the minds of the customers is due to the fact that 'people rearrange the attributes of a country in response to uncontrolled political situations' (Caldwell and Friere, 2004). In the current scenario, Tunisia, Egypt and Morocco are popular UK tourist destinations and have been affected by the recent uprising and political unrest in North Africa and Middle East. Resulting cancellations by holidaymakers cost Thomas Cook £22million (Keynote, 2012). According to Laws (1995) appropriate image management can counteract the concerns which have kept visitors away, complementing practical programmes to restore the infrastructure, calm civil unrest or improve service standards.

19

Stabler (1988, in Jenkins, 1999) divides the factors influencing the formation of a destination image into demand and supply factors. The demand factors roughly correspond with Gunn's organic image formation (discussed later), whereas the supply factors correspond to induced image formation.

Factors Influencing the Formation of Consumers' Tourist Image
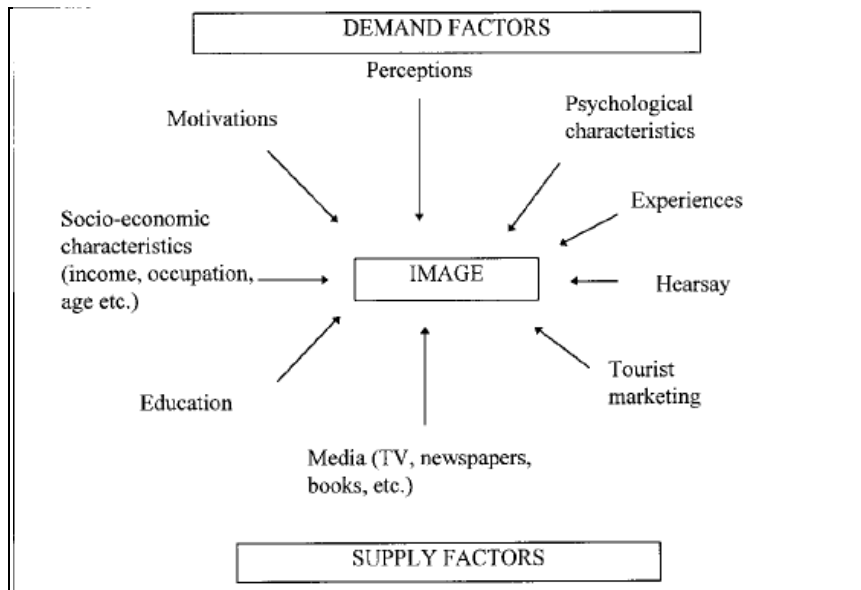
Source – Stabler, 1988 in Jenkins, 1999

Imagery pervades all the stages of consumption. Vicarious consumption may take place through imagery, before consumption. During consumption, imagery can add value and increase satisfaction. After consumption, imagery can have a reconstructive role in which a person relives the experience via memories and vacation souvenirs. Also whether an image is a true representation of what is on offer is less important than the mere existence of the image in the mind of the person (Jenkins, 1999). This idea is further explored by Whynne-Hammond (1985, in Jenkins, 1999) who says that `perceptions of foreign countries and their inhabitants may be wildly inaccurate'. Ultimately its direct link to the sale of tourism products makes it an important concept to study. National tourist bodies, such as the Australian Tourist Commission (ATC), are known to track the images held by potential visitors in the international marketplace. Such tracking studies and market segmentation analyses help in the design of their promotional campaigns. Results of recent studies show

that, internationally, Australia commands a very positive position in terms of travel desire compared with other destinations (Jenkins, 1999).

Below is a scatter plot graph showing the various sources which help potential travellers in making decisions about their next holiday. It was the result of a 2008 survey sponsored by Visit Britain. It clearly shows that conversations with friends and relatives are considered the most reliable and influential sources of information.

Sources of Inspiration for Holidays
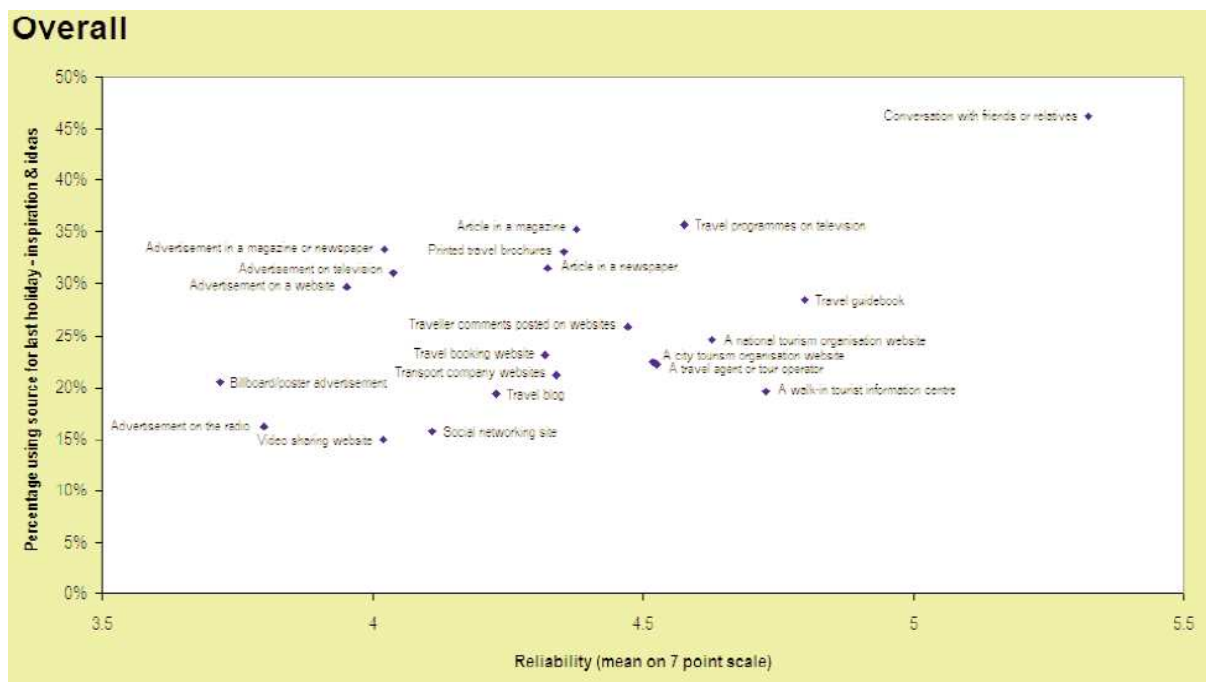
Source – www.visitbritain.com

Gunn's (1972, in Jenkins, 1999) stage theory involves a constant building and modification of images. According to this theory images consist of the following:

a) **Organic or naive non-tourist information about the destination** - from television documentaries, books, school lessons and stories of friends' experiences

b) **Induced or promoted information**–travel brochures, publicity and advertisements

c) **Modified induced images** - personal experience of the destination.

Stage theory implies that the images held by potential visitors, non-visitors and returned visitors will differ. International tourism is largely about making efforts to offer potential travellers what they want to see; or as mentioned above, about creating an image even though what is actually on offer may or may not be exactly as the image portrays.

Stage Theories of Destination Image

Organic Image

1. **Accumulation** of mental images of a place through life

Induced Image

| 2. **Modification** of images through researching prior to the decision to travel | 3. The **decision** to travel based on image efficiency, anticipated experience but kept within time, money and other constraints |

Modified - Induced Image

| 4. **Participation** or experience at the destination, the activities, accommodation and other services all influence the image | 5. **Return** travel allows reflection and evaluation, including discussing experiences with fellow travellers | 6. **New accumulation** occurs after the visit because the process is circular, the end image may be the same or different to the original one |

Source – Gunn, 1972 in Jenkins, 1999

According to the Stage Theory, for Britain it is about making potential travellers choose it as a destination over others by making them believe that visiting Buckingham Palace, drinking afternoon tea at The Ritz, punting on the Cambridge river, paying homage to Shakespeare at Stratford – upon – Avon, getting a photograph taken against the mysterious stones at

Stonehenge, shopping on Oxford Street etc. are all worth putting on one's Bucket List. This would be a way of reinforcing the organic image of England in their minds and creating an induced and favourable image; which would play a critical role in the buyer's decision making process. Once the decision of visiting England has been made there lies an opportunity to create a modified induced image in the minds of the traveller so that new accumulated images can be formed which could potentially lead to return visits.

Destination Image of UK

How the World Rates the UK compared to 50 nations

Source – www.visitbritain.com

Varuni Sakhalkar MBA 2011 -12
Nottingham University Business School
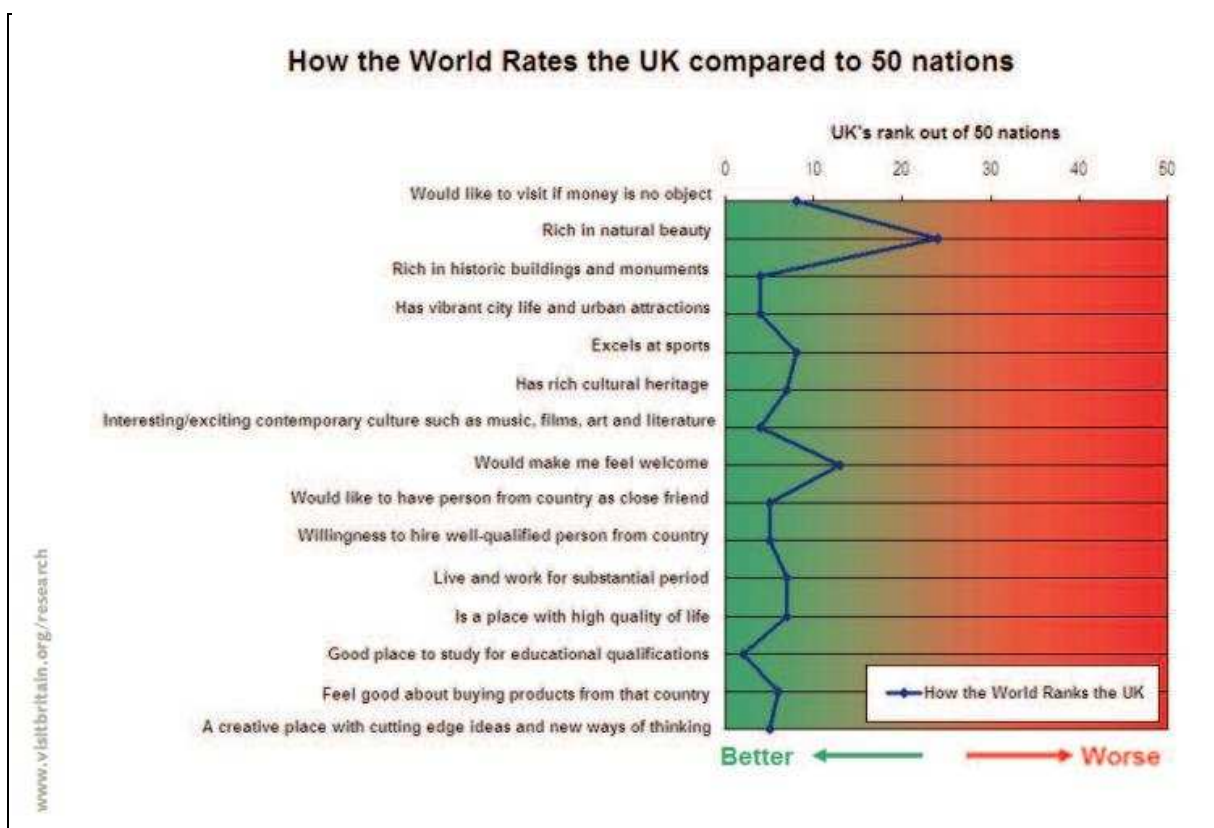
Destination Personality

In theory, brand personality refers to the "set of human characteristics associated with a brand" (Aaker, 1997, in Ekinci and Hosany, 2006). It helps establish an emotional link between brands and consumers (Landon 1974) which gives the buyer a tangible reference point, which is vivid, alive, and more complete than the sense conveyed by a generic offering (Upshaw, 1995).

At the practical level, brands can be characterized by personality descriptors, such as youthful, energetic, extrovert, or sophisticated (Keller 1998). For example, one may use the word masculine to describe Marlboro cigarettes, rugged to describe Levi's jeans, feminine to describe Chanel perfumes, and intelligent to describe IBM computers. Similarly, destinations can be described using human personality traits, such as Europe is traditional and sophisticated; Wales is honest, welcoming, romantic, and down to earth; Spain is friendly and family oriented; London is open-minded, unorthodox, vibrant, and creative; and Paris is romantic (Morgan and Pritchard, 2002).

Ekinci and Hosany (2006) observe that although enough studies have been carried out which link destination image to tourism branding, not many academics have explored destination personality. Aaker overcame this limitation by developing the Brand Personality Scale (BPS) consisting of excitement, sincerity, competence, sophistication, and ruggedness as the dimensions. This scale has been used to further research cultural implications on consumer consumption patterns and behaviour. Some personality characteristics synonymous with Britain are as follows –

Characteristics Associated with UK
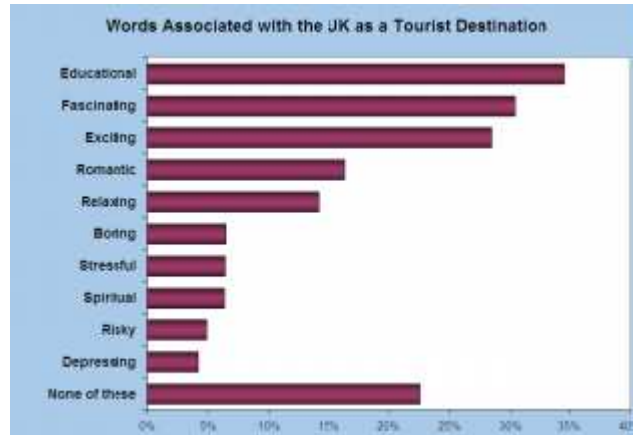
Plummer, 1985 and Keller, 1998 (in Hosany et al, 2006) establish that brand personality and brand image are key factors in brand loyalty and brand positioning. Though these concepts have been analysed individually, not much has been said about the relation between the two. Hosany et al's empirical study on the subject does reveal that brand image is the encompassing concept while brand personality is more related to the affective components of brand image.

Destination Image and Destination Branding
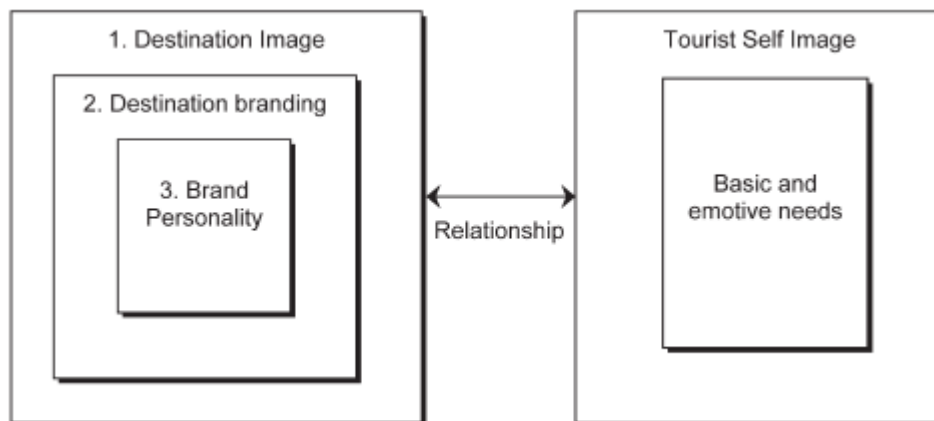
Source – Ekinci, 2003 in Murphy et al 2007

Destination Branding

A widely used tool to position and market destinations was developed by Butler (1980, in Buhalis, 2000) and is called the destination life cycle. Similar to the product life cycle, this tool helps identify the stages through which destinations evolve and how it impacts their tourism. At each stage a destination experiences fluctuations in demand and supply and therefore there are different marketing and planning strategies associated with the various stages. The UK tourism market is an established and saturated one. It does not need an introduction; what it does need is a new lease of life. An opportunity as big as the Olympics cannot be passed when it comes to showcasing Britain and highlighting its achievements. There h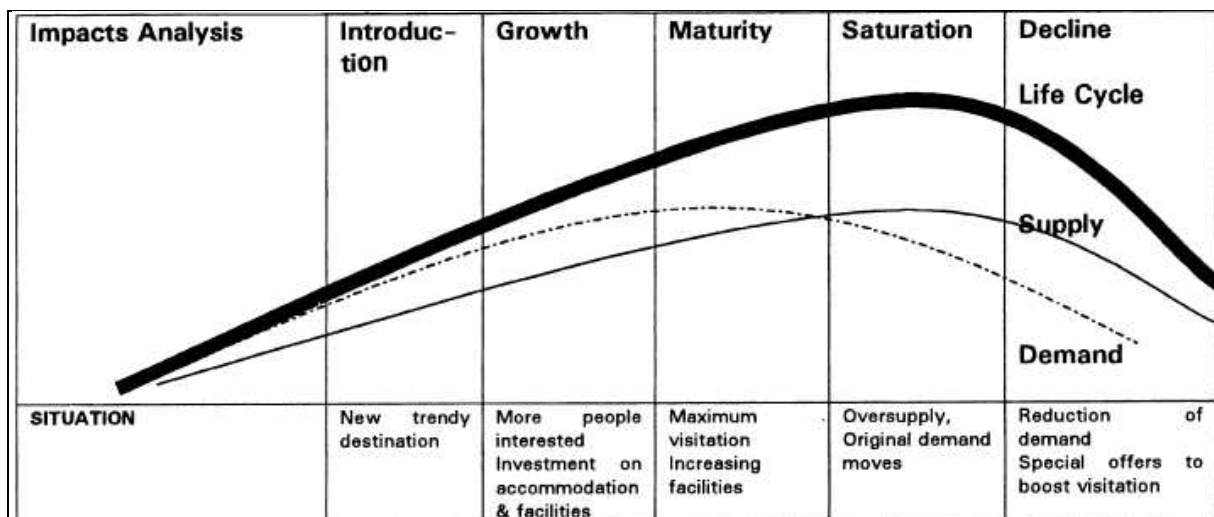as been a recent reduction in arrivals and loss of competitive advantage. The campaign is an attempt at drawing attention to Britain as a favourable destination choice for holiday-makers.

Destination Life Cycle

Impacts Analysis	Introduc-tion	Growth	Maturity	Saturation	Decline
					Life Cycle
					Supply
					Demand
SITUATION	New trendy destination	More people interested Investment on accommodation & facilities	Maximum visitation Increasing facilities	Oversupply, Original demand moves	Reduction of demand Special offers to boost visitation

Source – Buhalis (2000)

The American Marketing Association defines a brand as a 'name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition' (Kotler and Gertner in Morgan et al, 2005). However according to Caldwell and Friere (2004) brands are bought not only to fulfil functional needs but also intangible, self-expression needs. There are

experiential and emotional benefits that buyers gain when they opt for a certain brand over another.

Conceptual Framework of the Destination Branding and Choice Process
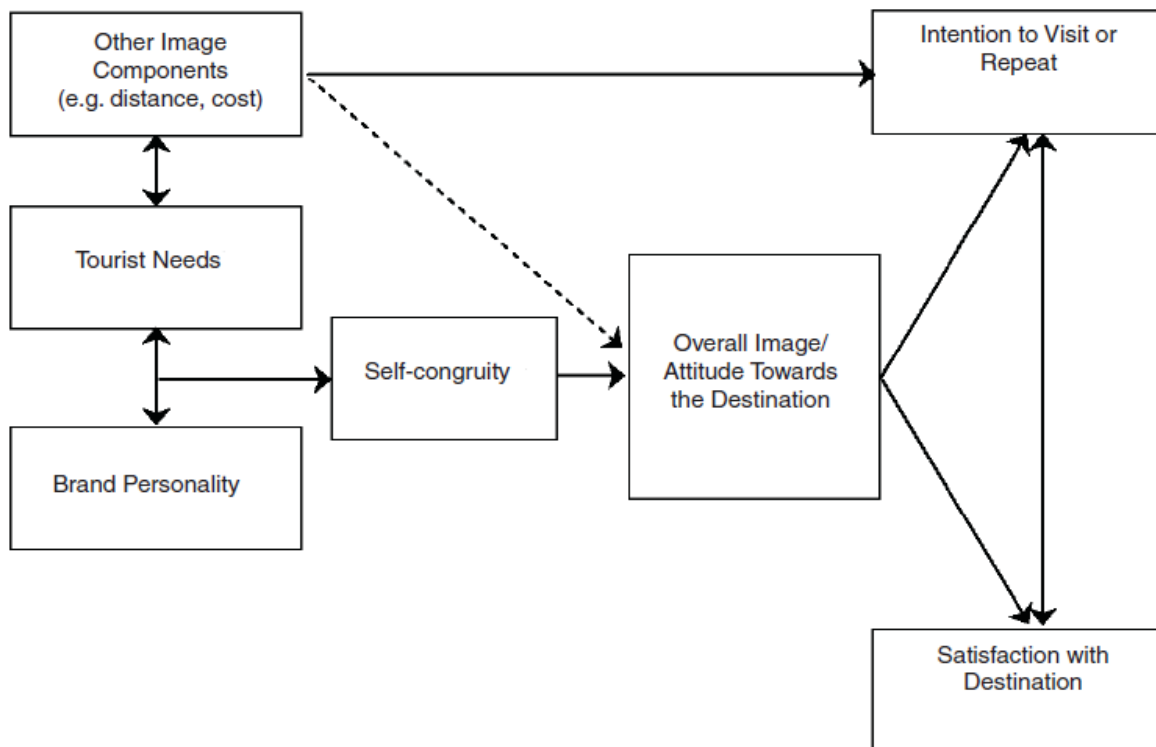
Source – Murphy et al (2008)

The World Tourism Organisation (1997, in Caldwell and Friere, 2004) recognises the fact that tourism destination are increasingly being seen as a way to define people's identity. A traveller's choice of holiday destination defines his identity and helps him to set himself apart from the crowd. Therefore, when it comes to destination brands, the choice would not only be based on functional dimensions but also representational ones.

Based on the factors of representationality and functionality, De Chernatony and Mc William developed the Brand Box Model which allows brand managers to place their brand and effectively manage them. This model has been used for products and services as well as tourism products.

Brand Box Model

High representationality	High representationality
Low functionality	High functionality
Low representationality	Low representationality
Low functionality	High functionality
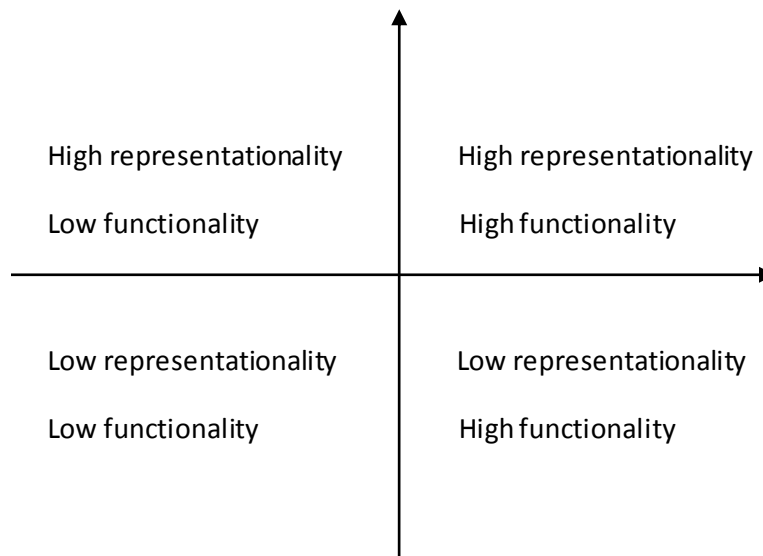
Source – Caldwell and Friere (2004)

According to this model a brand's strength is established on the basis of representationality and functionality. Representational brands are those where the users and purchasers possess certain feelings which make them choose the brand that helps them express their personality, role, need and emotions in a given situation. Functional brands, on the other hand, are chosen more for their functional capabilities rather than the buyer's personality.

No brand is exclusively representational or functional; however the degree to which these dimensions exist in a brand is what makes consumers discriminate between brands. This model has been applied to the study of destination brands by Caldwell and Friere (2004) and they have concluded that people opt to visit certain countries as an expression if their self-concept whilst certain countries are chosen for their performance in terms of weather, infrastructure, natural resources etc.

Seaton and Bennett (1996) have identified three questions that destination marketers need to answer to determine the competitive advantage of a destination –

1. What is **there**? – These are the primary tourism resources and consist of physical attractions (climate, landscape, natural and man-made features), socio-cultural resources (people, history, folklore), infrastructure (transport, communication) and

accommodation (hotels, resorts). Marketers need a thorough knowledge of these factors in order to determine their target market. The UK can be marketed on the basis of its rich culture, historic and literary sites and developed infrastructure. However it does have a disadvantage as far as weather and service is concerned.

2. What is **thought** to be there? –This is the image of a destination that a potential traveller carries in his mind. It consists of ideas, impressions, information and evaluations, and can be a crucial decisive factor in a traveller's choice of holiday. Planners should be able to understand people's perception of destinations and the factors influencing these perceptions. London has been selected as the top destination in the world for many years based on travellers' perceptions and experience in the city. London is a tourist friendly city with a lot to offer to the varied tastes of the consumer. Once people travel to London, they can then travel easily to nearby cities and attractions as well.
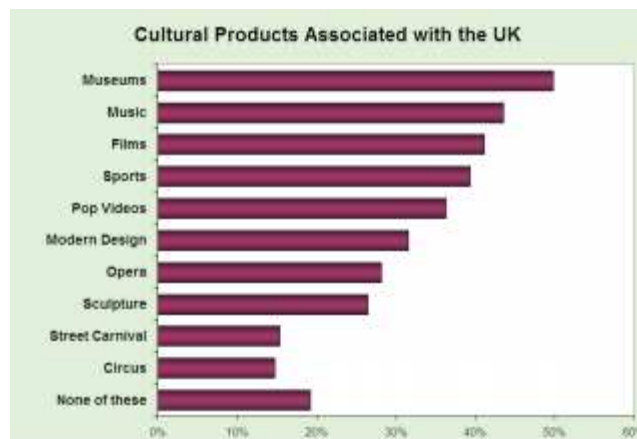
Source –www.visitbritain.com

3. What has been **represented** as being there? – These are the images that are represented through human communication such as literature, television, poetry, films, popular culture etc. representation is important because a destination is partly a product of myth and can get associated with music (Beatles' Liverpool), local heroes (Robin Hood's Nottingham), literary figures (Shakespeare's Stratford). These associations are used successfully by tourism planners to offer packaged concepts for these destinations.

29

The key tourism and investor drivers for UK have been identified as:

1. Countryside

2. Culture

3. Heritage

4. Sport

5. Music

6. Shopping

7. Food

8. Innovation

9. Creativity

10. Knowledge

These have been utilised to represent the image of Britain to potential visitors.

Source – www.metro.co.uk

Hosany et al (2006) urge destination marketers to develop campaigns which emphasize destination personality based on the emotional components of the destination image. This was based on their study which revealed that consumers evaluate destinations on the basis of cognitive, affective and personality dimensions. By including these dimensions, a favourable destination image could be created. The Great Britain campaign aims to achieve exactly that by highlighting positive aspects of the country's personality like sports, culture, music etc.

Upadhyay (2012) discusses how branding techniques are being increasingly adopted to help create an identity and highlight unique propositions of a destination. This involves effective management of destination personality and destination image. However destinations are some of the most difficult entities to manage and market due to the complexity of the relationships of local stakeholders (Sautter and Leisen, 1999 in Buhalis, 2000). Baker and Cameron (2008) also cite the fragmentation of ownership as a major cause of the complexity of destination management.

Dynamic Wheel of Tourism Stakeholders

Source – Buhalis (2000)

A tourist's experience can be enhanced or marred by various encounters with numerous tourism suppliers including taxi drivers, waiters, local residents etc. The resources and facilities involved in tourism do not belong to individuals and the interests of a different people, who reside in the area, are at stake. These conflicting interests lead to a heightened

31

difficulty when it comes to managing and marketing destinations. Usage of what Buhalis terms as zero-priced public goods, like landscapes and natural features, needs to be done in such a way that it benefits the stakeholders as well as preserves it for the future.

Discussion and Conclusion

A destination is the coming together of tourism products and services which lead to an integrated experience for the consumer. It goes beyond geographical boundaries and according to Buhalis (2000) a destination can be a perpetual concept, which is interpreted subjectively by consumers, depending on their itinerary, cultural background, purpose of visit, educational level and past experience. Countries, regions and cities also have a tendency of going in and out of vogue very often.

Caldwell and Friere's (2004) study has found that in most cases nationality impacts how people perceive other countries. Marketing strategies would need to be altered depending on the destination being branded and the target audience. They use the example of Spain being marketed as a country of beaches; this would be useful when targeting British travellers but not as effective for Portuguese tourists as they have enough beaches of their own.

Tourism strategies should not only concentrate on visitation, but also include the entire range of impacts such as overcrowding, environmental problems, visitor safety and security, seasonality problems and sensitivity to local culture (Evans et al, 1995 in Buhalis, 2000).

The concept of destination branding does have its own dissidents. As per French academic Michel Girard (1999, in Morgan et al, 2005)a country carries specific dignity, unlike a marketed product and a corporation can be branded but not a state. Edwards (2011) answers the question 'Are countries brands?' with a yes and a no. According to her from the perspective of potential tourists, a country could be considered a brand; as people form opinions and perceptions about it and file it away for use later. On the other hand the concept of a brand is of no use without ownership and control on the supply side. Using the example of Britain she highlights that the tourism board does have limited influence but the

product and value factor is out of their control. E.g. considering the product, nothing can be done about the weather in Britain which could be deterrent for potential visitors or the lager drinking in city centres, which are part of the values.

In order to market a destination successfully there needs to be a good strategy as well as implementation. If either is hindered it can lead to an ineffective campaign. Even though the marketing campaign has been planned and implemented as it should be, certain factors have been recognised as overall deterrents to UK tourism. These cannot be resolved simply by launching an effective marketing campaign. As David Scowsill, President and Chief Executive of WTTC points out, 'UK is beckoning tourists with one hand and pushing them away with the other.'

Tourists are opting for other destinations over Britain mainly due to –

a) Highest air taxes in the world

b) Expensive and lengthy visa system for countries of high growth potential

c) 20% VAT has a direct cost implication on accommodation, attractions and car rental (Keynote, 2011)

These factors together make England an overall expensive destination to visit. With less expensive options available, there is a danger of losing out on a significant number of tourists to destinations such as Thailand, Caribbean etc. Fundamental reforms in these areas would significantly add value and complement the marketing campaign. As mentioned by Smith and Stevenson (2009), 'tourism policy cannot merely be understood by analysing strategies and plans dedicated merely to tourism. Wider policies, strategies and plans also need to be taken into consideration.'

UK should not depend on certain markets and should explore and develop new markets to promote the tourism business. The destination has been portrayed in the campaign as a very appealing one and the subsequent benefits should be spread to the community and stakeholders in terms of infrastructure and employment. London in particular has long been considered as the gateway to Britain and visitors spend a large part of their holiday in this

city. The successful Olympics should definitely give a boost to the already favourable image that London has in the minds of travellers across the globe. Whether the initial goals set out for the campaign, will be achieved entirely or not, remains to be seen. But it has definitely led to increased focus and prominence for the British tourism sector.

Measuring its success will be difficult as marketers have far less control over places as compared to products. The ultimate aim of marketing a place is to make it more attractive to potential travellers. Even though UK is a mature and well known market, this campaign will surely help in the decision making process.

References

1. Baker, M. J., & Cameron, E. (2008). Critical Success Factors in Destination Marketing. *Tourism and Hospitality Research, 8*, 79-97.

2. Balakrishnan, M. S. (2009). Strategic Branding of Destinations - A Framework. *European Journal of Marketing, 5*, 611-629.

3. Blain, C., Levy, S. E., & Ritchie, J. R. (2005). Destination Branding - Insights and Practices from Destination Management Organisations. *Journal of Travel Research, 43*, 328-338.

4. Bosnjak, M. (2010). Negative Symbolic Aspects in Destination Branding - Exploring the Role of the 'Undesired Self' on Web-based Vacation Information Search Intentions Among Potential First-time Visitors. *Journal of Vacation Marketing, 16*(4), 323-330.

5. Britain, V. (2010). *Overseas Visitors to Britain - Understanding Trends, Attitudes and Characteristics.* London: www.visitbritain.com.

6. Buhalis, D. (2000). Marketing the Competitive Destination of the Future. *Tourism Management, 21*, 97-116.

7. Caldwell, N., & Friere, J. R. (2004). The Differences Between Branding a Country, a Region and a City - Applying the Brand Box Model. *Brand Management, 12*(1), 50-61.

8. Edwards, H. (2011, April 20). No Cheer for Brand Britain. *Marketing Magazine*, p. 21.

9. Ekinci, Y., & Hosany, S. (2006). Brand Personality - An Application of Brand Personality to Tourism Destinations. *Journal of Travel Research, 45*, 127-139.

10. Elliot, S., Papadopoulos, N., & Kim, S. S. (2011). An Integrative Model of Place Image - Exploring Relationship Between Destination, Product and Country Images. *Journal of Travel Research, 50*(5), 520-534.

11. Euromonitor. (2012). *Travel and Tourism in the United Kingdom.* London: Euromonitor International.

12. Fyall, A., & Leask, A. (2006). Destination Marketing: Future Issues - Strategic Challenges. *Tourism and Hospitality Research, 7*(1), 50-63.

13. Hankinson, G. (2007). The Management of Destination Brands - Five Guiding Principles Based on Recent Developments in Corporate Branding Theory. *Journal of Brand Management, 14*, 240-254.

14. Hankinson, G. (2009). Managing Destination Brands - Establishing a Theoritical Foundation. *Journal of Marketing Management, 25*(1-2), 97-115.

15. Henderson, J. C. (2007). Uniquely Singapore? A Case Study in Destination Branding. *Journal of Vacation Marketing, 13*(3), 261-274.
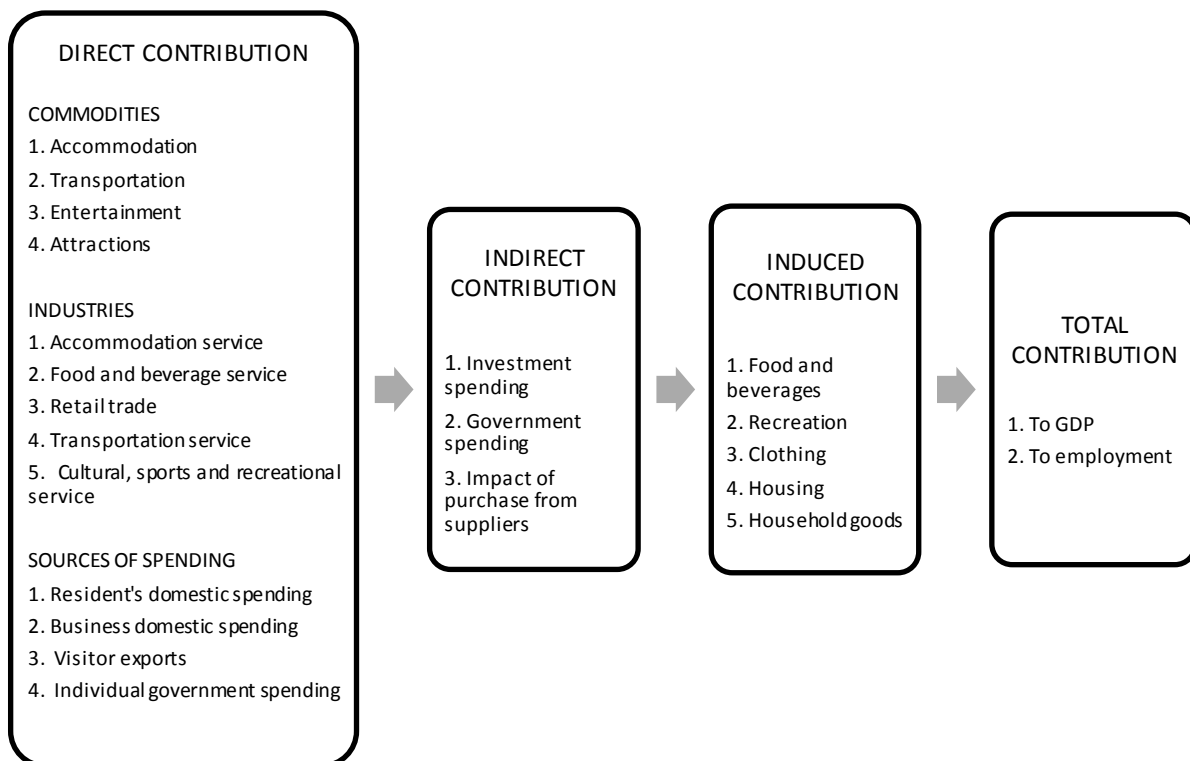
16. Hosany, S., Ekinci, Y., & Uysal, M. (2006). Destination Image and Destination Personality - An Application of Branding Theories to Tourism Places. *Journal of Business Research, 59*, 638-642.

17. Hughes, K. (2012). *Travel Agents & Overseas Tour Operators.* Richmond Upon Thames: Key Note Ltd.

18. International, K. (2011). *Impact of the VAT rise on UK tourism.* London: Kenote International.

19. Jenkins, O. H. (1999). Understanding and Measuring Tourist Destination Images. *International Journal of Tourism Research, 1*, 1-15.

20. Laws, E. (1995). *Tourist Destination Management - Issues, Analysis and Policies.* London: Routledge.

21. Mohan, L. J. (2010). Effect of Destination Image on Attendance at Team Sporting Events. *Tourism and Hospitality Research, 10*(3), 157-170.

22. Morgan, N., & Pritchard, A. (1999). *Tourism Promotion and Power - Creating Images, Creating Identities.* Sussex: John Wiley and Sons.

23. Morgan, N., Pritchard, A., & Pride, R. (2005). *Destination Branding - Creating the Unique Destination Proposition.* Oxford: Elsevier.

24. Murphy, L., Benckendorff, P., & Moscardo, G. (2008). Linking Travel Motivation, Tourist Self-Image and Destination Brand Personality. *Journal of Travel & Tourism Marketing, 22*(2), 45-59.

25. Murphy, L., Moscardo, G., & Benckendorff, P. (2007). Using Brand Personality to Differentiate Regional Tourism Destinations. *Journal of Travel Research, 46*(5), 6-14.

26. Pike, S., Bianchi, C., Kerr, G., & Patti, C. (2009). Consumer-based Brand Equity for Australia as a Long-haul Tourism Destination in an Emerging Market. *International Marketing Review, 27*(4), 434-449.

27. Qu, H., Kim, L. H., & Im, H. H. (2011). A Model of Destination Branding - Integrating the Concepts of the Branding and Destination Image. *Tourism Management, 32*, 465-476.

28. Rainisto, S. K. (2003). *Success Factors of Place Marketing - A Study of Place Marketing Practises in Northern Europe and United States.* Espoo: Helsinki University of Technology, Institute of Strategy and International Business.

29. Regan, N., Carlson, J., & III, P. J. (2012). Factors Affecting Group-oriented Travel Intentions to Major Events. *Journal of Travel and Tourism Marketing, 29*, 185-204.

30. Ringer, G. (2005). *Destinations - Cultural Landscapes of Tourism.* Oxon: Routledge.

31. Seaton, A., & Bennett, M. (1996). *Marketing Tourism Products - Concepts, Issues, Cases.* London: Thomson Learning.

32. Smith, A., & Stevenson, N. (2009). Policy Review - A Review of Tourism Policy for the 2012 Olympics. *Cultural Trends, 18*(1), 97-102.

33. Trembath, R., Romaniuk, J., & Lockshin, L. (2011). Building the Destination Brand - An Empirical Comparison of Two Approaches. *Journal of Travel and Tourism Marketing, 28*, 804-816.

34. Upadhyaya, M. (2012). Influence of Destination Image and Destination Personality - An Empirical Analysis. *Journal of Marketing and Communication, 7*(3), 40-47.

35. Xing, X., & Chalip, L. (2006). Effects of Hosting a Sport Event on Destination Brand - A Test of Co-branding and Match-up Models. *Sport Management Review, 9*, 49-78.

36. http://www.bighospitality.co.uk/Business/VisitBritain-s-GREAT-campaign-delivers-gold-medal-performance-as-tourism-breaks-all-time-record accessed on 30th August 2012

37. http://www.bighospitality.co.uk/Trends-Reports/WTTC-Marketing-campaigns-not-enough-to-grow-UK-tourism-industry accessed on 30th August 2012

38. http://www.independent.co.uk/travel/news-and-advice/london-voted-worlds-top-tourist-destination-7706265.html accessed on 30th August 2012

39. http://www.bighospitality.co.uk/Business/Hospitality-industry-unites-to-support-VAT-cut-for-tourism accessed on 30th August 2012

40. http://www.visitbritain.org/marketing/index.aspx accessed on 30th August 2012

Appendices

1. Industry Report

Travel and tourism is recognised as a critical economic activity globally and has a direct impact on the GDP of a country. The World Travel and Tourism Council (WTTC) recognises the indirect contribution of this industry as well. Some of these are illustrated as follows:

DIRECT CONTRIBUTION

COMMODITIES
1. Accommodation
2. Transportation
3. Entertainment
4. Attractions

INDUSTRIES
1. Accommodation service
2. Food and beverage service
3. Retail trade
4. Transportation service
5. Cultural, sports and recreational service

SOURCES OF SPENDING
1. Resident's domestic spending
2. Business domestic spending
3. Visitor exports
4. Individual government spending

INDIRECT CONTRIBUTION
1. Investment spending
2. Government spending
3. Impact of purchase from suppliers

INDUCED CONTRIBUTION
1. Food and beverages
2. Recreation
3. Clothing
4. Housing
5. Household goods

TOTAL CONTRIBUTION
1. To GDP
2. To employment

Source – Travel and Tourism Economic Impact 2012 (UK) report by WTTC

Direct contribution is defined as the internal spending which is the total spending by residents and non-residents within a country on business or leisure travel. It also includes government spending on services linked to visitors. On the other hand, indirect contribution includes the GDP and jobs supported by the industry. The direct and indirect contribution together forms the total contribution.

Despite various macroeconomic factors posing serious challenges to the industry, the projection remains positive in terms of growth in GDP and employment provided by travel and tourism. As with other industries, the emerging economies of BRIC, South and Latin America continue to contribute towards the demand for leisure as well as business travel.

The former is largely due to the rising middle class in these regions and the latter can be attributed to the rise in international trade overall. The developed economies, on the other hand, are more scrupulous and the imposition of various austerity measures will only make them more so.

The recession and the resulting reduction in overall consumer confidence have had an understandable impact on UK travel and tourism industry. The most apparent effect has been seen in the decrease in outbound travel and an increase in domestic tourism. After two years of decline, a slow and steady growth has been predicted for this sector. Some of the key estimates and forecasts which have emerged from the WTTC 2012 annual research are as follows –

United Kingdom	2011 GBPbn[1]	2011 % of total	2012 Growth[2]	2022 GBPbn[1]	2022 % of total	2022 Growth[3]
Direct contribution to GDP	35.0	2.3	1.3	53.1	2.8	4.1
Total contribution to GDP	101.1	6.7	0.7	148.5	7.8	3.8
Direct contribution to employment[4]	938	3.0	1.7	1,189	3.6	2.2
Total contribution to employment[4]	2,308	7.4	0.3	2,846	8.5	2.1
Visitor exports	24.8	5.1	4.2	38.2	5.4	4.0
Domestic spending	52.2	3.5	-0.1	76.5	4.0	3.9
Leisure spending	51.4	3.4	2.0	78.6	4.1	4.1
Business spending	26.8	1.8	-0.1	37.3	2.0	3.4
Capital investment	9.5	4.4	1.8	13.0	4.3	3.0

[1]2011 constant prices & exchange rates; [2]2012 real growth adjusted for inflation (%); [3]2012-2022 annualised real growth adjusted for inflation (%); [4]000 jobs

Source – Travel and Tourism Economic Impact 2012 (UK) report by WTTC

Market Sectors

The UK travel and tourism market consists of the following two sectors:

Outbound

This sector refers to UK residents travelling outside the country for tourism and contributes more towards the market in terms of revenue.It has seen a slight decline over the past few years as customers are choosing to spend more domestically. The outbound has always been the more crucial and profitable sector for travel agents and operators;hence a decline in consumer expenditure has led to added pressure and in some cases closure of business as well. E.g. – Thomas Cook, in 2011, announced the closure of 200 high-street stores over the next two years after a reported loss of £398m. They attributed this to the recent unrest in Egypt and Tunisia, floods in Thailand and also the increasing use of the internet by customers to carry out holiday bookings. (http://www.bbc.co.uk/news/business-16173578)

Domestic

This sector refers to tourism within UK but travel agents do not play a significant role here as the travel distances in UK are relatively short. Where tour operators would come in would be in case of special packages for major cities, events or even organised coach tours.Domestic tourism has seen a welcome surge in terms of growth with events such as the Diamond Jubilee and London Olympics providing further incentive for people to travel within the country.

Market Trends

1. **Stabilization of outbound market** - The first half of 2010 saw a decline in outbound travel. This however was not as sharp as the decline observed in 2009. There have been signs of stabilization which are predicted to continue as per latest figures of 2011. (National Statistics' Travel Trends, 2010)

2. **Disruptions due to natural forces** - Recent natural phenomenon caused disruptions in the travel industry, specifically the airline and railway sector. The Eyjafjallajökull volcano in April 2010 resulted in airspace closure for 6 days. It had an impact on 1.2 million passengers a day and losses amounting to £1.1bn for global airlines, as per IATA figures. In comparison, the Grimsvötn eruption had a less damaging impact on the industry.
   Besides volcanoes, the harsh winters in 2010 – 11 meant that Heathrow had to be closed for 2 days in December 2010. There were also significant delays in the rail and road network, including cancellations of Eurostar trains. Besides the inconvenience, the economy was impacted directly by these disruptions resulting in the GDP being reduced by 0.5% and a cost of £280mn per day. (Keynote report, 2012)

3. **Increase in length of stay abroad** - As compared to domestic length of stay, which has remained steady over recent years, the outbound length of stay has seen an increase of 10% in the last decade. Despite the recession, the number of nights spent abroad by UK residents seems to be on the rise. (National Statistics' Travel Trends, 2010)

4. **Tour operators cease trading** - As mentioned above the direct impact of the economic downturn has been felt across industry but for some it has been more adverse than the others. The most talked about has been the collapse of Holidays 4 UK, a Brighton based tour operator. Some companies licensed with Air Travel Organizers' Licensing also ceased trading in 2011.

Market Position

1. UK

The combined market consists of outbound, domestic and inbound markets which were worth £69.55bn in 2010, a decline of 0.9% compared to 2009. Outbound and domestic travel represents 75.7% of the total market, but its share has declined. On the other hand, the inbound market has continued to grow. 5-year comparisons reveal that the value of

outbound travel has fallen by 7.5% and domestic by 0.6%, whereas the market for inbound travel and tourism has risen by 5.6%. (Keynote, 2012)

2. Overseas

The World Travel & Tourism Council (WTTC) has forecast that the UK will be the ninth-largest generator of travel and tourism GDP in 2010 and expected to account for 2.7% of world travel and tourism GDP.

SWOT

Strengths

6. The UK is a well-connected transport hub, facilitating movement to global and local destinations.
7. After a difficult 2 years, the outbound and domestic sectors appear to be on the gradual road to recovery.
8. Domestic tourism in particular has had a strong first half of 2011, with growth in visits, bed nights and expenditure.
9. The UK Government recognises the economic benefits of tourism and is keen to invest to increase its return.
10. Trips for purposes such as business travel have also demonstrated an increase in the recent past.

Weaknesses

5. The economy plays a crucial role in boosting tourism and its overall stability is vital.
6. Tour operators have continued to cease trading throughout 2011 and this reduces consumer confidence.
7. High-street sales have been struggling against online sales, and the same can be said for high-street tour operators.
8. The volatility of the financial markets and currencies will have a negative impact on outbound tourism.

Opportunities

6. Emerging markets and exotic locations represent areas where a travel agent's expertise will still be required.
7. Increased interest in eco-tourism will provide agents and operators an opportunity to market new products
8. Major events in 2012 such as the Diamond Jubilee, the Olympic and Paralympic Games and the Cultural Olympiad represent opportunities for domestic tourism.
9. For those with no interest in the major events of 2012, a foreign holiday or domestic holiday to a remote location during the busiest period may be apriority.

10. Cloud computing represents an opportunity for agents and operators to improve the efficiency of their services.

Threats

6. The increased penetration of the Internet into consumers' lives has made it easier to independently organise holidays.

7. As shown during the winter of 2010 and with the volcanic ash clouds, UK travel is highly vulnerable to severe weather conditions.

8. The proposed increase in Air Passenger Duty (APD) and introduction of aviation into the EU Emissions Trading Scheme will significantly increase the cost of flying for the UK holidaymaker.

9. The increasing cost of fuel could deter consumers from travelling long distances for a domestic holiday if the car is their preferred transportation mode.

10. Flights can be disrupted by industrial action by transport operators' staff. Consumers may not want to risk flying abroad if they believe that their travel may be postponed.

Current Issues

1. Corporate Activities

- **Holidaybreak bought out** - in July 2011 Holidaybreak was taken over by Cox & Kings for £312million.

- **Thomas Cook Co-op merger** – in 2010 Thomas Cook merged with Co-op Travel to create the largest travel retail market player in UK. This move was to help Thomas Cook to reduce debt, costs and explore new revenue streams. However, in order to achieve critical synergies redundancies, wage cuts and hiring freeze were implemented across the company. (Euromonitor report, 2010)

- **Thomas Cook CE quits** - Manny Fontenla-Novoa departed in August 2011.

- **Thomas Cook announces cuts** - in September 2011, Thomas Cook announced closure of 24 high-street shops across UK. There were other announcements like the axing of six aircraft from the company fleet for the winter.

- **Kuoni acquires GulliversTravel Associates** - in March 2011, Kuoni acquired Gullivers Travel Associates (GTA) from Travelport for $720m, to further its plans to expand online.

- **Kuoni UK promotion and restructuring** – as a result of the above mentioned acquisition, Kuoni carried out a restructuring plan. The VP of Distribution and Operations was made UK Managing Director and the European operations will now function under a new division, Outbound Europe.

- **Lastminute.com agrees holiday deal with Lowcost** - in September 2011, Lastminute.com agreeing a deal with Lowcost Travel Group which will allow them to expand their holiday offering.

- **British Airways and Iberia merge** – the two airlines came together in January 2011 to form International Airlines Group, the third-largest airline in Europe and the sixth-largest in the world
- **Tour operator failures** – as of September 2011 the following operators ceased trading; Fairway Golf Holidays Ltd, FT Tours Ltd, Pumpkin Tours Ltd, Pinnacle Travel Ltd, Holidays 4 UK Ltd and Aegean Flights, Highlife Travel & Tours, E and ME Gill Ltd, Dream Holidays Ltd, Crown Service UK Ltd, Selsdon Travel Ltd, Silverbird Travel Ltd, Complete World Travel Ltd, African Safari Club Ltd, Global Travel Agency Ltd, Rion Travel Ltd, Grus Travel PTY Ltd and Oriental Panorama Ltd.

2. Legislative Changes

- **Air Passenger Duty** – APD is the charge levied for carrying a passenger from a UK airport. This has been frozen by the government for 2011, with a plan of a double-inflation rise in 2012. This will make flying significantly more expensive.

> **Impact November 2010 increase in APD will have on UK holidaymakers' flying habits (Survey of 1,000 UK Holidaymakers)**
>
> Yes, I plan to stop flying - 37%
>
> Yes, I plan to reduce the number of flights I take - 8%
>
> No, I plan to continue with my current flying habits - 55%
>
> Source - World Travel Market 2010 Industry Report

- **ATOL reforms** – the ATOL scheme protects travellers on package holidays and certain flights, in case of insolvency of their tour operator. Businesses pay £2.50 for each booking made, which funds this scheme. The government plans to bring about changes which will ensure 6 million more holidays receive protection.
- **EU tourism resolution** – the EU parliament passed a resolution in September 2011 whereby declining areas in Europe will be rehabilitated and Europe's multicultural heritage will be built upon.

3. Environment

- **Emissions trading** - from 1st January 2012, the aviation industry will be subject to the EU's Emissions Trading Scheme. Airlines will be given a carbon dioxide allowance and airlines exceeding this allowance will have to pay extra. This would be applicable to all airlines operating in EU airspace and countries like USA, China, India, Canada and Russia have lodged their protest against the same.

- **ABTA's Travelife** – it is a tool for hotels and apartments to monitor and manage their social and environmental impact. A directory is maintained listing audited hotels which helps traveller make an informed choice.

4. World Events

- **Arab Spring effects** – Tunisia, Egypt and Morocco are popular UK tourist destinations and have been affected by the recent uprising and political unrest in North Africa and Middle East. Cancellations cost Thomas Cook £22m.

5. Technology

- **Cloud computing** – cloud computing is the next big thing and will have a significant impact on the way businesses store information. It is estimated that the elimination of the capital cost of buying hardware would save £50,000 - £75,000 over a 3 – 5 year period
- **TTA Worldchoice launches Honeycomb** – it is an online booking system launched by travel consortium TTA, to help members boost margins and access products more efficiently. Agents can also access net rates from cruise lines and consumer financial protection products.

6. Government

- **Strategy for tourism** – the government and private sector plan to jointly fund a £100m marketing campaign to attract 4 million extra visitors over the next four years, increase the proportion of UK residents who holiday within UK to match those who holiday abroad and improve the sector productivity to become one of the top five most efficient and competitive visitor economies in the world.
- **£7m marketing campaign for domestic tourism** – the said amount is part of the Olympic budget which is to be spent to promote domestic tourism with the aim of generating additional 5.3 million short breaks and a spend of £480million by 2015.

Future Trends

- **Decline in UK high street** – the recession along with the rising popularity of online sales has forced many high-street shops to cease trading. The trend will continue due to lower operating costs and higher flexibility offered by cloud computing.
- **Increased cost of air travel** – the cost of flying is predicted to rise due to the EU ETS and the increase in APD. This will have a negative impact on outbound travel but can help boost domestic tourism.
- **Tough times for agents and operators** - smaller businesses continue to struggle and costs need to be brought down for operators to survive. Mergers and acquisitions are likely.