

The COVID-19 Pandemic

The first case of the Omicron variant in the UK was announced on 24 November and subsequently new travel restrictions were announced on the 7 December. Since then, there have been multiple reports on travel restrictions due to the new Omicron COVID-19 variant, putting the travel and tourism industry at an immense disadvantage and damaging or shutting down operations of small- and medium-sized businesses in particular.

Visit Britain's latest wave of sentiment analysis showed the impact of these new travel restrictions on consumer confidence:

- Our 'Appetite for Risk' score declined slightly by 0.1, and it is now at 2.8 out of 4. As for individual activities, the largest decreases are in 'shopping in your local shopping centre', 'visiting a busy city centre', and 'travelling by public transport'.
- 51% said they are very/fairly confident they will be able to take a domestic trip by the end of this month, which decreased by 12% compared to November.
- 32% said they are very/fairly confident they will be able to take an overseas trip by the end of this month, which is representing a decrease of 12%.
- When asked to compare next 12 months trips intentions to the past 12 months intentions, 31% of UK adults expect to take more domestic trips (Nov: 30%) and 21% expect to take more overseas trips (Nov: 20%).

The Visit Britain Tourism Forecast

The forecast for 2021 was for a recovery to £56.2bn in domestic tourism spending in Britain; this was up 65% compared to 2020 but still only 61% of the level of spending seen in 2019. This was an upgrade from the previous forecast run in the middle of 2021, due to outbound tourism recovering more slowly than anticipated.

2022 forecast:

The Visit Britain Inbound Forecast for 2022 predicts that visits will increase to 24 million, and spending to £19.2 billion. These are 59% and 67%, respectively, of the visits and spend levels seen in 2019.

The visit numbers are forecast to increase slowly in the spring and more substantially in the summer. The general direction is assumed to be upwards, however this is dependent on travel restrictions not being tightened significantly from current levels, as well as a gradual return of traveller confidence.

By the end of 2022, the forecast is for visits to have recovered to around 68% of pre-COVID levels. It is expected that it will take a few years for visit numbers to return to 2019 levels.

Visits from Europe are forecast to recover a little quicker than long-haul, although there will be significant variation within long haul markets in particular; strong booking numbers have been seen recently from some long-haul countries such as North America and Australia.

Spend per visit will remain higher than the pre-pandemic norm, due to longer average length of stay as well as higher prices.

Destinations, suppliers, and attractions in the UK are set to see a sustained recovery in 2022, thanks to domestic holidaymakers' keenness to explore the British Isles, according to

research conducted at World Travel Market. About one in six Brits (16%) say they plan to book a 2022 staycation – despite widespread demand for foreign holidays as overseas travel is likely to recover in 2022.

According to research by PwC, it is predicted that hotel occupancy rates will continue to rise in 2022, reaching between 70% and 90% of pre-pandemic levels in London. In other regions, the recovery is set to be even higher, between 87% and 96% of pre-pandemic levels. This is due to domestic travel increasing more quickly than inbound international travel. While gateway cities like London suffered the most due to restrictions on international travel, staycations to coastal and leisure destinations provided a buffer to travel in the regions. According to PwC research, 37% of UK residents plan to travel locally in 2022.

However, it is important to note that forecasting at this time is difficult, given the fast-moving situation and the unique circumstances. Events are moving fast during the COVID-19 pandemic and the outlook can change daily. This scenario presented by Visit Britain is just one possible outcome and involves several assumptions and simplifications due to the fast-moving and uncertain situation.

Technology

Technology has increasingly played a fundamental role in the travel and booking process. The tourist industry is increasingly using information technology to try to serve their consumers better and with the COVID-19 pandemic, technology has become critical in ensuring business continuity. 96% of attractions used digital communications during the pandemic to communicate with their audience, and 70% strengthened their digital offerings in 2020.

MICE (Meetings, Incentives, Conference and Events)

For businesses, as much as virtual has served the global economy for the last two years, there are tremendous benefits to in-person engagements. Businesses are eager to restart their corporate travel. At the same time, the landscape is disjointed and there remains a lack of global harmonisation with regards to online meetings, not least because of time-zones. The Global Business Travel Association estimates that across 2020, business travel spending crashed by 52%. Not only have businesses been forced to consider work-from-home policies in a way that could not have evolved without the shock of the pandemic, but there is also a growing body of evidence that remote work is here to stay. Events will change too, moving from live in-person events that focus purely on the face-to-face, towards hybrid meetings and events that put together a digital broadcast (and increasingly interaction) with the live event. It now seems unlikely that numbers will ever return to pre-pandemic levels as businesses have adapted to using online meeting facilities. To this end, we will continue to minimise the time spent on the Meet Gloucester website, providing only a directory service, and continue to concentrate on leisure travel.

Online Travel Agencies (OTAs)

Technology has also had a big impact on traveller booking with the rise of disintermediation and online booking agents. In 2021, over a fifth of travellers used an online travel agent to book all or part of their travel. They have become an integral part of many travellers' "search and book" routine, and OTAs (and their metasearch cousins, often owned by major OTA groups) remain popular among all age groups. The flexibility and enhanced cancellation policies, along with the ease and peace of mind cannot be beaten by direct booking.

Improving the traveller's user experience should be an all-encompassing exercise, which starts at the exploration and booking stages. Covid has increased mobile usage in a lot of ways, and people are getting more comfortable using mobile devices to complete online transactions, including for big purchases like travel. Large OTAs such as Booking.com have huge mobile first development teams and invest in a lot of user experience research to perfect their apps. This is something smaller traditional hotel and travel companies cannot compete with. In 2022, we will continue to try and persuade our partners to work with OTAs through the TXGB booking platform on our website.

Work from Anywhere, Digital Nomads

There have been major changes to working culture, and a trend towards more working from home. Every company and institution have their own policy, but, undoubtedly, working from home is here to stay. This also offers opportunities for an increasing group of professionals to work from anywhere.

Research conducted by Skift suggests that the remote office is here to stay and that this will have dramatic ripple effects across the travel industry. Significant numbers of digital nomads could be purchasing room nights, instead of spending their earnings on rent. In-room connectivity, as well as a destination with an active nightlife, will be important to them. Highlighting Gloucester as a vibrant city with excellent 5G connectivity will be important in attracting these audiences.

The Labour Shortage

Few industries have been hit as hard as the hospitality sector, causing widespread job losses, despite the extension of government support in many places. Now, while it might be the case that consumers are now returning and the sector is rebounding, the same cannot always be said for hospitality workers.

Job openings have reached record highs. Looking at the most recent ONS data for the UK, vacancies for accommodation and food service businesses have increased more than ten-fold from their lowest point. The bottom was hit in April to June 2020, where there were just 8,000 vacancies, compared to 117,000 now. Even this estimate is below trade body UK Hospitality's estimate of a 188,000 shortfall of workers.

All of this means that recruiting and retaining employees is paramount as we move towards recovery for travel and tourism sector. It is also now time to make an investment into technology solutions to alleviate the pressure and allow for operations with a smaller team. Visit Gloucester have a role to play in helping with severe labour shortage that the travel and hospitality sector is facing. In 2021, we created a series of videos that showcased why working in the travel and tourism sector in Gloucester was great. We also created a jobs page which is updated monthly and circulated through our partner newsletter. In 2022, we will continue this vital work.

Sustainability and the growth of eco-tourism

The pandemic has thrown into sharp focus the environment and the impact that the travel and tourism sector has on local communities. People will increasingly understand the responsibility to protect local communities and the planet, so that the destinations can remain vibrant and resilient for generations to come. People are looking in 2022 to travel less but travel better. In 2021, there was a sharp increase in search terms through search engines for philanthropic holidays, sustainable travel, and slow travel. It is unusual to see

tourism bodies telling people to travel less but the climate emergency has forced everyone to look at what they are doing and assess its impact on the world. Fewer trips can still equal a buoyant industry, particularly if those trips are longer, better planned, and more meaningful. In fact, for the trade, this can represent a huge opportunity because it means that when people do travel, they are going to want it to be absolutely perfect. That means speaking to people who really know their destinations, such as tour operators like us, who invest a great deal of money every year in research trips for our expert consultants but mainly from residents, to hear those authentic voices who know a place inside out. This is work we have already started by creating our local guides but will build on considerably in 2022.

The Competitive Landscape in 2022

As domestic travel will prevail again in 2022, Destination Management Organisations (DMOs) across the country will all be competing for the domestic market in 2022. In 2021, many local councils were awarded significant amounts of recovery Government Funding such as the Reopening the High Streets Fund and the Welcome Back Fund. However, there is now a suggestion that, in 2022, more funds like this will be made available. This has serious implications for Gloucester's ability to deliver visitors. Gloucester has a small marketing budget of £75,000 to spend on advertising and, being a non-membership organisation, has only a few areas where it can draw income. Other DMOs in the area have much bigger budgets to work with; for example, Visit Bath has a marketing budget of over £500,000. We also have a much smaller staff team than most of our local DMO counterparts, meaning that we must be careful to focus our efforts using this marketing plan as our guiding principles.

Gloucester is surrounded by other DMOs, which we are fortunate to have very good relationships with. The newest of these is Visit Gloucestershire which will transform in 2022 from a voluntary-run organisation into an organisation with a staff base comparable to Visit Gloucester.

The city is fortunate to offer a very different experience and, therefore, target market from our nearest DMO partners Marketing Cheltenham, Visit Cotswolds, and Forest of Dean & Wye Valley Tourism. In 2021 we started work on creating a cohesive and exciting brand for the city for ourselves and our partners to use to start to build consumer confidence by using similar narratives, colours, and identities in our marketing. We will continue to differentiate ourselves from our nearby destinations by positioning ourselves as a vibrant city break destination for Gen Z and Millennials, focusing on our events and festivals, retail offer, and excellent food and drink. We will also use our distinct history and heritage, and the stories associated with the city to engage audiences and pique interest with our older Gen X audiences.