

Enhancing Social Networks Across Europe

Air passengers visiting friends and relatives

Nearly 200 million international passengers travel in and out of UK airports each year. An estimated one-fifth of these are travelling for business purposes; the remainder for leisure¹. Passengers travelling for leisure purposes may be going on holiday, or they may be travelling to visit friends and relatives. Nearly one quarter of passengers travelling to and from the UK² are estimated to be making trips for the purpose of Visiting Friends and Relatives (VFR); and other EU states are an increasingly important origin and destination for such trips.

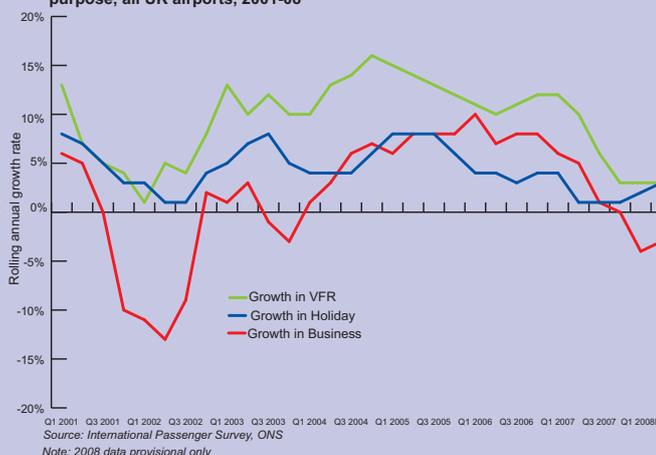
VFR passengers are interesting for a number of reasons: their travel plans will be driven and affected by different factors than those taking a holiday. And this subset of passengers has seen robust growth over recent years, reflecting societal trends such as increased mobility, migration and the ownership of second homes abroad.

VFR traffic to and from the UK has a significant EU element: almost 60% of these journeys are to or from other EU countries – a proportion which has increased in recent years against a background of greater liberalisation of aviation markets and increasing use of the freedoms of work and movement available to EU citizens. The CAA has been looking at this group of passengers at UK airports in more detail³ – who they are, where they are travelling to and from, and why.

Increasing VFR travel is a reflection of the closer relationships developing across the EU, both at an individual and a country level. Single market legislation has made possible social and economic movement of individuals across the European Union and this movement, even if only temporary, leaves permanent social networks of the sort which underpin VFR travel. Whilst living in a foreign country, a migrant may wish to return home for family occasions or holidays, and their family and friends may come to visit them in their new home. However, the migrant may also establish new social (or family) networks in the country of their stay, some of whom will travel to visit the migrant on their return or vice versa.

VFR traffic is the segment of international traffic that has shown the most robust growth rate at UK airports in recent years. As shown in figure 1, the growth of VFR traffic to or from the UK has been several percentage points higher than growth in international business and other leisure traffic. Between 2001 and 2007, whilst total UK international passengers grew by one-third, VFR traffic increased by two-thirds.

Figure 1: Rolling annual growth in international passenger traffic by journey purpose, all UK airports, 2001-08



Where do VFR passengers fly to?

VFR passengers to and from the UK airports fly to a mix of European and long haul destinations, reflecting the current and historic associations between the UK and different parts of the world. The European contribution to VFR over the last six years has grown, indicating how increasing numbers of European citizens – both UK and non-UK nationals – are crossing the UK's borders in both directions to live, work or study away from home.

About 55% of international VFR passengers at the main⁵ UK airports were on flights to or from EU countries in 2007. However, traffic to and from the EU constitutes around 65% of the growth in VFR passengers since 2001.

What is VFR traffic?

'VFR' describes that subset of leisure traffic who travel for the purpose of 'Visiting Friends and Relatives' (as identified through passenger surveys⁴). VFR travel occurs as a result of dispersed social networks - in order to visit friends or relatives abroad, some form of temporary or permanent migration will generally have taken place. The ownership of second homes abroad also adds to the pool of potential VFR passengers not only through friends and family visiting, but also through the establishment of new relationships abroad.

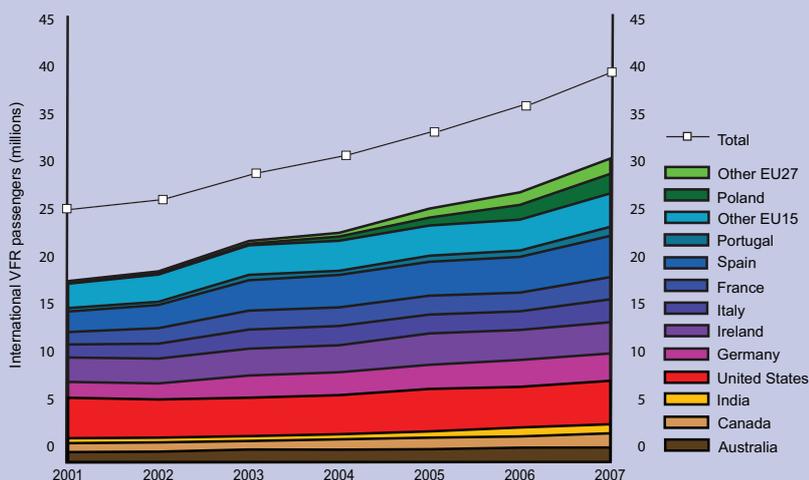
Two key factors differentiate this travel from holiday trips:

- The destination is less likely to be substitutable than in the case of international holiday travel, where a variety of destinations may meet passengers' needs.
- The cost of the trip is likely to be closer to that of the flight alone, with lower accommodation or living costs – because for some such trips, these costs may be met in whole or part by the friend or relative being visited.

Within figures 2 and 3 we can see that for VFR traffic to and from the UK over the period 2001 to 2007:

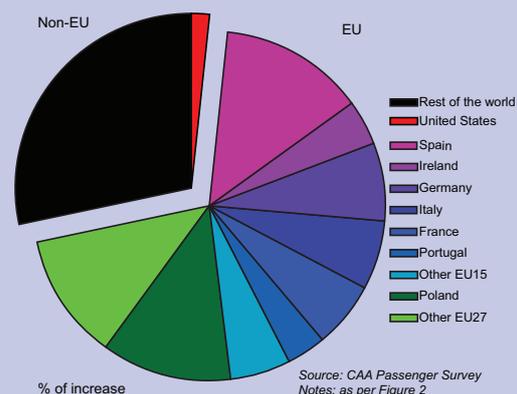
- There was an overall increase of 15 million passengers to nearly 40 million.
- The countries with the highest growth of VFR flows were Spain, which generated almost 2 million new passengers, Poland with 1.8 million, and Germany, Italy and France, each with about 1 million new passengers.
- The EU15 countries combined account for almost half the increase in VFR traffic over this period. They maintained an overall proportion of almost half the total traffic in 2001 and 2007.
- However, the remaining EU countries (the A8⁶, Malta, Cyprus, Bulgaria and Romania) have grown from a 3% share of the VFR traffic to over 11%.
- The 2004 EU accession states have grown from an estimated quarter of a million VFR passengers to over 3 million. Poland alone accounted for almost two-thirds of this increase.
- The largest single contributor is the US. However, the US accounted for only 2% of the total growth in VFR traffic over the period. Its proportion of passengers has therefore fallen.
- Passengers to other international destinations ('Rest of World') have grown by over 4 million, making up nearly 25% of the total in 2007. A large part of this figure is made up of countries such as Canada, Australia and India, which have historic connections to the UK, and where air services have been significantly liberalised.

Figure 2: International VFR terminal passengers at the main UK airports by country of destination, 2001-2007



Source: CAA Passenger Survey
 Notes:
 · "Other EU15" countries are: Austria, Belgium, Denmark, Finland, Greece, Luxembourg, Netherlands, and Sweden
 · "Other EU27" countries are: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Slovakia, Slovenia, Romania and Bulgaria
 · Destination based on final destination of passenger as recorded in survey

Figure 3: Contribution to growth of total international VFR passengers at the main UK airports by destination, 2001-2007



Source: CAA Passenger Survey
 Notes: as per Figure 2

Why the increase in VFR air trips?

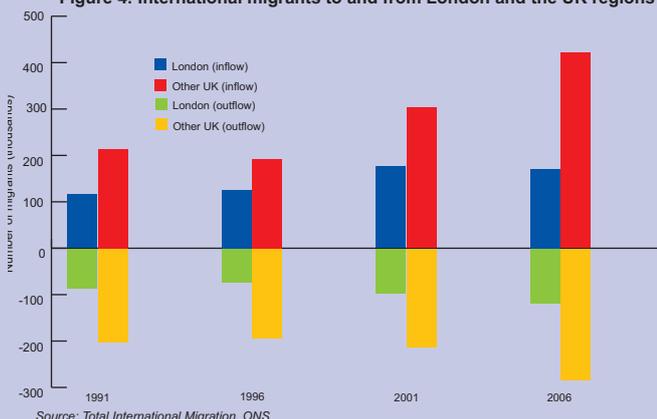
The geography of the UK means that travel to international VFR destinations is typically by air. General economic factors, such as increases in GDP and consumer expenditure, as well as aviation specific factors, such as decreases in fare levels, will impact on VFR demand, as for other purposes of air travel. However, VFR travel crucially requires the existence of a friend or relative overseas, and therefore is likely to be sensitive to social factors other than air demand. A number of these factors are European in nature:

1. Within the EU, the single market and EU expansion has increased labour and capital mobility over a wider area, generating potential demand for travel.

Migrant flows both into and out of the UK have been growing over time, with the most pronounced growth outside London. Figure 4 shows total London and regional immigrant and emigrant flow figures for the UK since 1991.

- Total flows of migrants across the UK's borders⁷ rose by 70% between 1996 and 2006.
- Before 2001, the total flows of migrants to and from the UK regions in a year was never more than half a million – by 2006 it had risen to over 700 thousand.

Figure 4: International migrants to and from London and the UK regions



Source: Total International Migration, ONS

- Net migration in the UK regions for the period between 1991 and 1996 was a few thousands – between 2001 and 2006, it was over 650 thousand.
- The major part of the increase in migrant flows since 2001 has been due to migration between the UK and other EU countries.

Whilst migrant flows may indicate how new cross-border social networks can be generated, the UK also has many existing migrant and emigrant communities. However, the effect of migration on air travel is not confined solely to current migrants: the experience of migration is likely to create ongoing demand for VFR traffic even if the migrant returns home after some period of time. Figure 5 shows that each of these migrants does not generate the same number of VFR trips.

The chart shows some of the key migrant countries in relation to the UK and VFR traffic in 2007. From this:

- It is reasonable to conclude that the further away the country, the less frequently trips are made. The United States is an exception: despite the distance, traffic is high in relation to the current migrant stock.
- We can speculate on the reasons behind migration movements, and the subsequent VFR travel generated. For example:
 - The emigrant stock of UK nationals in Spain is much higher than the immigrant stock of Spanish nationals in the UK. From 2001 to 2007 the number of English households owning a second home overseas has risen from an estimated 129,000 to 248,000, with approximately one-third of these homes being in Spain⁸. Whilst this is not a direct cause of VFR⁹, it is likely to be a stimulant as second homeowners integrate with the local community and their own friends and relatives travel to visit them.
 - In contrast, there was virtually no emigrant stock of UK nationals in Poland in 2007, but a significant immigrant stock of Polish nationals in the UK, the result of recent economic migration. VFR traffic is therefore likely to be such migrants making home visits or Polish friends and family visiting them. However, as Polish migrants establish their own social networks in the UK, they may still be a source of VFR traffic even after their return to Poland.

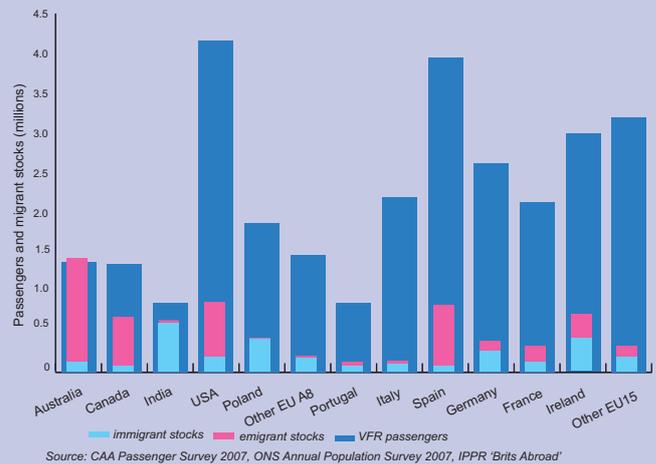
2. Relaxation of regulatory restrictions on the supply of air services has both enabled and encouraged increases in demand for VFR travel.

- *Development of route networks* – no frills carriers (and then full service carriers responding to this challenge) have been able profitably to connect regional points as well as capital cities throughout the EU. This means that many more destinations through Europe are now accessible by air, with greater flexibility of travel facilitating passenger growth.

In 2001 there were 4 scheduled routes¹⁰ between airports in the UK and Poland and 45 scheduled routes between the UK and Spain – in 2007 the numbers had increased to 36 and 149¹¹ respectively.

- *Reduction in average air fares* – increased competition, particularly within Europe, allowed airlines to innovate, bring forward new business models and drive down the costs of air travel. VFR passengers are likely to incur lower accommodation and living expenses on their trip than traditional leisure passengers, and so the overall cost of their trip is likely to be much more closely related to the cost of the flight.

Figure 5: Summary of VFR passengers at the main UK airports by country compared to immigrant and emigrant stocks, 2007



CAA Passenger Survey

The CAA's surveys form part of a series of surveys of UK air passengers which began in 1968. The CAA conducts ongoing surveys at Gatwick, Heathrow, Luton, Manchester and Stansted Airports (referred to here as the 'main' airports), interviewing around 150,000 passengers per annum. Other airports throughout the UK, where annual traffic levels exceed 300,000 passengers, are usually surveyed once every three to five years.

The CAA employs the services of experienced interviewing staff to conduct face-to-face interviews with departing air passengers. Typically an interview will last around six minutes and questions are asked covering areas such as: origin and destination, journey purpose and demographic status.

Interviews obtained on individual flights are scaled to represent actual monthly traffic movement on that flight, ensuring greater accuracy of information at a route level.

Where do UK VFR passengers fly from?

The UK's regional airports have seen strong passenger growth over recent years¹² and now serve 35% of the UK's



international air passenger traffic. A large component of this growth has been an increase in VFR passengers.

For short haul traffic, increases in VFR appear closely related to the rise of no frills airlines, and the consequent expansion of route networks to the EU. Short haul VFR traffic has grown strongly at Stansted and Luton in London and at those regional airports that have become no-frills bases (such as Bristol, East Midlands and Liverpool). For long haul, VFR growth has occurred at Heathrow and Gatwick, but also as new regional long haul services have been established (either directly or through sixth freedom carriers) at airports like Manchester, Birmingham and Glasgow.

Who is travelling on VFR trips?

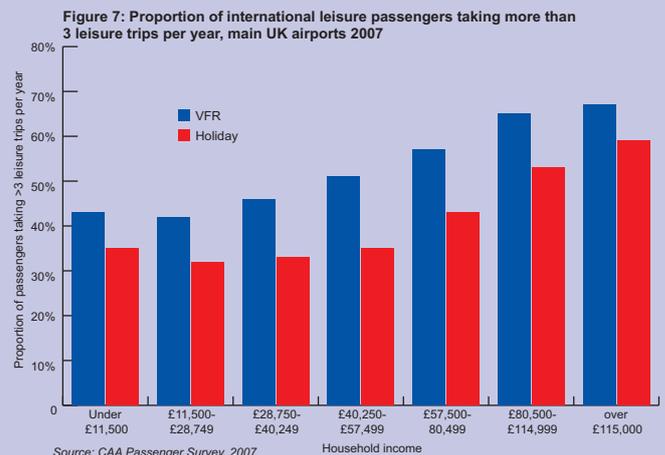
CAA survey data show VFR passengers at UK airports tend to take more, shorter trips to the same destination than holiday leisure travellers. They are, on average, younger, less well off, and less likely to live in a family group.

VFR passengers tend to make more frequent trips than holiday passengers with over 40% of passengers taking three or more leisure trips in a 12 month period. And, as might be expected, VFR passengers are characterised by more frequent travel to the same destination - an estimated 36% of VFR passengers make all their leisure trips in the year to the same destination, as compared to 28% of holiday passengers.

With potentially no hotel bookings to worry about and more flexibility about when to travel, VFR passengers are less likely to take a standard length of holiday. Therefore a larger proportion of VFR passengers either take short (less than five days) or long (greater than two weeks) trips than holiday passengers. An estimated 25% of VFR passengers take trips greater than two weeks in length compared to only 12% of holiday passengers.

VFR passengers differ from holiday passengers in other ways too – the modal age band is younger: 25 to 44 compared to 45 to 64. There are also differences in household type - almost 1 in 3 VFR passengers live in a single household, compared to less than 1 in 5 holiday passengers.

In addition, VFR passengers tend, on average, to have lower incomes, indicating that VFR trips open up flying to more of the population, since the cost of the trip is likely to be closer to the cost of the travel element than for other journey purposes. For example, whilst 27% of UK resident holiday passengers have a household income of less than £28,750, this proportion rises to 41% for VFR passengers.



The impact of income on trip frequency can be seen to be similar for both VFR and holiday passengers, in that as income rises, the proportion of passengers taking more than three trips a year also rises. However, as figure 7 shows, this proportion is consistently higher for VFR passengers than for holiday passengers.

- ¹ MQ6 (Q2 2008 edition), Office of National Statistics. Full year 2007 data used – note that within MQ6, 5% of the total passengers are not defined as either business or leisure, rather as ‘miscellaneous’.
- ² Passengers specifically travelling to and from the UK exclude both domestic passengers and those passengers arriving at the airport by air from an international destination and flying onwards to an international destination.
- ³ The CAA plans to publish a more in-depth report in due course.
- ⁴ Both the CAA Passenger Survey and the International Passenger Survey conducted by the UK Office of National Statistics collect these data.
- ⁵ The ‘main’ UK airports refer to those continuously surveyed by the CAA: Gatwick, Heathrow, Luton, Manchester and Stansted.
- ⁶ A8 refers to the Accession Eight countries which joined the EU in 2004 – Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
- ⁷ Combining the numbers of immigrants and emigrants.
- ⁸ Source: Communities and Local Government, ‘Survey of English Housing, Preliminary results 2006/07’ and ‘Housing in England 2005/06’. Total figures are three-year moving averages.
- ⁹ Although travel to a second home abroad is not classified as VFR, the ownership of a second home can contribute to VFR traffic either through other visitors to the second home or through the extension of social networks in the destination country.
- ¹⁰ Defined as airport pairs averaging more than three return services per week in the year.
- ¹¹ Part of this increase represents a shifting from charter services to scheduled services. However, even considering charter and scheduled destinations in total, the number of routes has increased from 125 in 2001 to 187 in 2007.
- ¹² See, for example, CAP 775, Air Services at UK Regional Airports, CAA, November 2007.

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